
AGREEMENT OF LEASE

between

BATTERY PARK CITY AUTHORITY,

Landlord

and

THE BOARD OF EDUCATION OF THE CITY OF NEW YORK,

Tenant

Premises
Parcel B Site 21

Battery Park City -- North Neighborhood Residential Area
New York, New York

Dated as of _____, 1987

TABLE OF CONTENTS

Page

Article 1 -	Definitions.....	
Article 2 -	Premises and Term of Lease.....	
Article 3 -	Rent.....	
Article 4 -	Taxes and Impositions.....	
Article 5 -	Late Charges.....	
Article 6 -	Insurance.....	
Article 7 -	Restoration.....	
Article 8 -	Condemnation.....	
Article 9 -	Assignment, Subletting, Etc.....	
Article 10 -	Construction and Ownership of Buildings and Equipment.....	
Article 11 -	Repairs.....	
Article 12 -	Changes, Alterations and Additions.....	
Article 13 -	Requirements of Public Authorities and of Insurance Underwriters and Policies; Compliance with Master Lease.....	
Article 14 -	Equipment.....	
Article 15 -	Discharge of Liens; Bonds.....	
Article 16 -	No Representations by Landlord.....	
Article 17 -	Landlord Not Liable for Injury or Damage, Etc.	
Article 18 -	Indemnification of Landlord and Others.....	
Article 19 -	Right of Inspection, Etc.	

Article 20 - Landlord's Right to Perform
Tenant's Covenants.....

Article 21 - No Abatement of Rental.....

Article 22 - Permitted Use; No Unlawful
Occupancy.....

Article 23 - Events of Default; Conditional
Limitations, Remedies, Etc.

Article 24 - Notices.....

Article 25 - Civic and Community Facilities.....

Article 26 - Street Widening.....

Article 27 - Subordination; Attornment.....

Article 28 - Excavations and Shoring.....

Article 29 - Certificates by Landlord and Tenant.

Article 30 - Consents and Approvals.....

Article 31 - Option to Renew and Surrender
at End of Term.....

Article 32 - Entire Agreement.....

Article 33 - Quiet Enjoyment

Article 34 - Arbitration.....

Article 35 - Easements.....

Article 36 - Invalidity of Certain Provisions....

Article 37 - Recording of Memorandum.....

Article 38 - Miscellaneous.....

EXHIBITS

- Exhibit A - Description of Land.....
- Exhibit B - Title Matters.....
- Exhibit C - Form of Deed to Buildings.....

AGREEMENT OF LEASE (this "Lease") made as of the _____ day of _____, 1987 between BATTERY PARK CITY AUTHORITY ("Landlord"), a body corporate and politic constituting a public benefit corporation of the State of New York having an office at One World Financial Center, New York, New York 10281, and THE BOARD OF EDUCATION OF THE CITY OF NEW YORK ("Tenant"), having an office at 110 Livingston Street, Brooklyn, New York 11201.

WITNESSETH:

It is hereby mutually covenanted and agreed by and between the parties hereto that this Lease is made upon the terms, covenants and conditions hereinafter set forth.

ARTICLE 1

DEFINITIONS

The terms defined in this Article 1 shall, for all purposes of this Lease, have the following meanings.

"Architect" shall mean an architect approved by Landlord, or any successor approved by Landlord, which approval, in each case, shall not be unreasonably withheld.

"Base Rent" shall have the meaning provided in Section 3.01(a).

"Bond Resolutions" shall mean the 1972 General Bond and Series Resolutions, 1986 Special Obligation Revenue Bond and Series Resolutions and Agreement between Municipal Bond Insurance Association and Landlord.

"Buildings" shall mean the buildings, including footings and foundations, Equipment (hereinafter defined) and other improvements and appurtenances of every kind and description hereafter erected, constructed, or placed upon the Land (hereinafter defined) including, without limitation, Capital Improvements (hereinafter defined), and any and all alterations and replacements thereof, additions thereto and substitutions therefor.

"Business Days" shall mean any day which is not a Saturday, Sunday or a day observed as a holiday by any of the State of New York, the federal government, New York City or Tenant.

"Capital Improvement" shall have the meaning provided in Section 12.01.

"Certificate of Occupancy" shall mean a certificate of occupancy issued by the Department of Buildings of New York City pursuant to Section 1804 of the New York City Charter or other similar certificate issued by a department or agency of New York City.

"Chambers Street Pedestrian Bridge" shall mean the pedestrian bridge over West Street connecting the easterly side of the School to The New York City Community College or such other location on the easterly side by West Street as Landlord shall determine.

"Civic Facilities" shall have the meaning provided in the Design Guidelines (hereinafter defined).

"Commencement Date" shall have the meaning provided in Article 2.

"Community Facilities" shall have the meaning provided in Section 25.02.

"Construction Agreements" shall mean agreements for Restoration (hereinafter defined), Capital Improvement, rehabilitation, alteration, repair or demolition performed pursuant to this Lease.

"Consumer Price Index" shall mean the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics of the United States Department of Labor, New York, N.Y. - Northeastern N.J. Area, All Items (1967 = 100), or any successor or substitute index thereto, appropriately adjusted; provided that if there shall be no successor index and the parties shall fail to agree upon a substitute index within thirty (30) days, or if the parties shall fail to agree upon the appropriate adjustment of such successor or substitute index within thirty (30) days, a substitute index or the appropriate adjustment of such successor or substitute index, as the case may be, shall be determined by arbitration pursuant to Article 34.

"Default" shall mean any condition or event which constitutes or, after notice or lapse of time, or both, would constitute an Event of Default (hereinafter defined).

"Design Guidelines" shall mean the Design Guidelines, North Residential Neighborhood, Battery Park City, and Design Guidelines, Block 21: Stuyvesant, High School, as the same may be further amended, modified or supplemented prior to Substantial Completion.

"Development Agreement" shall mean the Agreement for Financing and Construction of Stuyvesant High School, of even date herewith made by and among Landlord, Tenant and New York City (hereinafter defined), as the same may be hereafter amended, modified or supplemented.

"Due Date" shall mean, with respect to an Imposition (hereinafter defined), the last date on which such Imposition can be paid without any fine, penalty, interest or cost being added thereto or imposed by law for the non-payment thereof.

"Equipment" shall mean all fixtures incorporated in the Buildings, including, without limitation, all machinery, dynamos, boilers, heating and lighting equipment, pumps, tanks, motors, air conditioning compressors, pipes, conduits, fittings, ventilating and communications apparatus, elevators, escalators, incinerators, garbage compactors, antennas, except to the extent any of the foregoing shall be owned by contractors engaged in maintaining the same. "Equipment" shall not mean any fixture or utilities owned by any utility company.

"Event of Default" shall have the meaning provided in Section 23.01.

"Expiration Date" shall have the meaning provided in Article 2.

"Governmental Authority (Authorities)" shall mean the United States of America, the State of New York, New York City and any agency, department, commission, board, bureau, instrumentality or political subdivision of any of the foregoing, now existing or hereafter created, having jurisdiction over the Premises or any portion thereof.

"Impositions" shall have the meaning provided in Section 4.01.

"Improvement Approvals" shall have the meaning provided in Section 12.01(a).

"Indemnitees" shall have the meaning provided in Section 18.01.

"Involuntary Rate" shall mean the Prime Rate (hereinafter defined) but, in no event, in excess of the maximum permissible interest rate then in effect in the State of New York.

"Land" shall mean the land described in Exhibit A hereto.

"Landlord", on the date as of which this Lease is made, shall mean Battery Park City Authority, but thereafter "Landlord" shall mean only the landlord at the time in question under this Lease.

"Lease" shall mean this Agreement of Lease and all amendments, modifications and supplements thereof.

"Lease Year" shall mean the twelve-month period beginning on the Commencement Date (hereinafter defined) and each succeeding twelve-month period during the Term (hereinafter defined).

"Master Development Plan" shall mean the 1979 Master Plan for Battery Park City Authority, prepared by Alexander Cooper Associates, dated October, 1979, as amended by the Second Amendment to Restated Amended Lease dated June 15, 1983 and recorded on June 20, 1983 in the Office of the City Register, New York County in Reel 696 at Page 432, as the same may be hereafter amended, modified or supplemented.

"Master Landlord", on the date as of which this Lease is made, shall mean Battery Park City Authority, but thereafter, "Master Landlord" shall mean only the lessor at the time in question under the Master Lease (hereinafter defined).

"Master Lease" shall mean the Restated Amended Agreement of Lease, made as of June 10, 1980, between BPC Development Corporation, as landlord, and Battery Park City Authority, as tenant, a Memorandum of which was recorded on June 11, 1980 in the Office of the City Register, New York County in Reel 527 at page 163, as amended by First Amendment to Restated Amended Lease dated as of June 15, 1983 and recorded on June 20, 1983 in said Register's Office in Reel 696 at page 424, Second Amendment to Restated Amended Lease dated June 15, 1983 and recorded on June 20, 1983 in said Register's Office in Reel 696 at page 432, and Third Amendment to Restated Amended Lease dated as of August 15, 1986 and recorded on October 22, 1986 in said Register's Office in Reel 1133 at page 569, as the same may be hereafter amended, modified or supplemented.

"New York City" shall mean The City of New York, a municipal corporation of the State of New York.

"North Esplanade" shall have the meaning provided in the Design Guidelines.

"North Neighborhood" shall mean the North Neighborhood Residential Area of the Project Area (hereinafter defined), as delineated in the Design Guidelines.

"North Park" shall have the meaning provided in the Design Guidelines.

"Parcel A" shall mean the portion of Site 21 of the Project Area which has been designated by Landlord for residential development.

"Person" shall mean an individual, corporation, partnership, joint venture, estate, trust, unincorporated association, any Federal, State, County or municipal government or any bureau, department or agency thereof.

"Plans and Specifications" shall have the meaning provided in the Development Agreement.

"Premises" shall mean the Land and Buildings.

"Prime Rate" shall mean the rate announced from time to time by Citibank, N.A., or its successors, at its principal office as its "base rate". Any interest payable under this Lease with reference to the Prime Rate shall be adjusted on a daily basis, based upon the Prime Rate in effect at the time in question, and shall be calculated on the basis of a 360-day year with twelve months of 30 days each.

"Project Area" shall mean the premises demised pursuant to the Master Lease.

"Rental" shall have the meaning provided in Section 3.03.

"Requirements" shall have the meaning provided in Section 13.01.

"Restoration" shall have the meaning provided in Section 7.01.

"Restoration Funds" shall have the meaning provided in Section 7.02(a).

"Restore" shall have the meaning provided in Section 7.01.

"School" shall mean Stuyvesant High School or such other school as shall be approved by Landlord.

"Settlement Agreement" shall mean the Settlement Agreement, dated as of June 6, 1980, between New York City and the Urban Development Corporation, as supplemented by Letter, dated June 9, 1980, from Richard A. Kahan to Edward I. Koch, and amended by Amendment to Settlement Agreement dated as of August 15, 1986 between New York City and Landlord, and as the same may be hereafter amended, modified or supplemented.

"Substantial Completion" shall have the meaning provided in the Development Agreement.

"Tax Year" shall mean each fiscal year of New York City.

"Taxes" shall mean the real property taxes assessed and levied against the Premises or any part thereof pursuant to the provisions of Chapter 58 of the Charter of New York City and Title 11, Chapter 2 of the Administrative Code of The City of New York, as the same may now or hereafter be amended, or any statute or ordinance in lieu thereof in whole or in part and which would otherwise be payable if the Premises or any part thereof or the owner thereof were not exempt therefrom.

"Tenant" shall mean The Board of Education of the City of New York and, if The Board of Education of the City of New York or any successor to its interest hereunder shall assign or transfer its interest hereunder in accordance with the terms of this Lease, the term "Tenant" shall mean such assignee or transferee.

"Term" shall mean the term of this Lease as set forth in Article 2 hereof.

"Title Matters" shall mean those matters affecting title to the Land set forth in Exhibit B hereto.

"Unavoidable Delays" shall mean (i) with respect to Tenant or its obligations hereunder, delays incurred by Tenant due to strikes, lockouts, work stoppages due to labor jurisdictional disputes, acts of God, inability to obtain labor or materials due to governmental restrictions (other than any governmental restrictions which Tenant is bound to observe pursuant to the terms of this Lease), enemy action, civil commotion, fire, unavoidable casualty or other similar causes beyond the control of Tenant, and (ii) with respect to Landlord or its obligations hereunder, delays incurred by Landlord due to strikes, lockouts, work stoppages due to labor jurisdictional disputes, acts of God, inability to obtain labor or materials due to governmental restrictions (other than any governmental restrictions which Landlord is bound to observe pursuant to the terms of this Lease), enemy action, civil commotion, fire, unavoidable casualty or other similar causes beyond the control of Landlord (but not including Landlord's insolvency or financial condition); in each case provided such party shall have notified the other party not later than fourteen (14) days after such party knows of the occurrence of same and the effects of which a prudent Person in the position of the party asserting such delay could not have reasonably prevented.

ARTICLE 2

PREMISES AND TERM OF LEASE

Landlord does hereby demise and sublease to Tenant, and Tenant does hereby hire and take from Landlord, the Land, together with all easements, appurtenances and other rights and privileges now or hereafter belonging or appertaining to the Land, subject to the Title Matters.

TO HAVE AND TO HOLD unto Tenant, its successors and assigns, for a term of years (the "Term") commencing on the earlier to occur of (a) the date of Substantial Completion or (b) the date Tenant shall first use or occupy the Premises (the "Commencement Date") and expiring on the 17th day of June, 2069 or on such earlier date upon which this Lease may be terminated as hereinafter provided (the "Expiration Date").

ARTICLE 3

RENT

Section 3.01.

(a) For the period beginning on the Commencement Date and continuing thereafter throughout the Term, Tenant shall pay to Landlord, without notice or demand, an annual sum (the "Base Rent") for each Lease Year (or portion thereof) from the Commencement Date through the Expiration Date, equal to One Dollar (\$1.00) per annum.

(b) The Base Rent shall be payable in advance on the Commencement Date, and on the first day of each succeeding Lease Year thereafter during the Term. The Base Rent shall be payable in currency which at the time of payment is legal tender for public and private debts in the United States of America, and shall be payable to the office of Landlord set forth above or at such other place as Landlord shall direct by notice to Tenant. The Base Rent due for any period of less than a full Lease Year, shall be appropriately apportioned.

Section 3.02. All amounts required to be paid by Tenant pursuant to this Lease, including, without limitation, Base Rent and Impositions (collectively, "Rental"), shall constitute rent under this Lease. Rental shall be absolutely net to Landlord without any abatement, deduction, counterclaim, set-off or offset whatsoever except as specifically set forth

in this Lease, so that this Lease shall yield, net, to Landlord, Rental in each year during the Term and that Tenant shall pay all costs, expenses and charges of every kind and nature relating to the Premises which may arise or become due or payable during or after (but attributable to a period falling within) the Term.

ARTICLE 4

TAXES AND IMPOSITIONS

Section 4.01. From and after the Commencement Date, Tenant shall pay, as hereinafter provided, all of the following items (collectively, "Impositions") imposed by any Governmental Authority (other than a Governmental Authority acting solely in its capacity as Landlord and not as a Governmental Authority): (a) Taxes, (b) real property assessments, (c) personal property taxes, (d) occupancy and rent taxes, (e) water, water meter and sewer rents, rates and charges, (f) excises, (g) levies, (h) license and permit fees, (i) service charges with respect to police protection, fire protection, street and highway construction, maintenance and lighting, sanitation and water supply, if any, (j) fines, penalties and other similar or like governmental charges applicable to the foregoing and any interest or costs with respect thereto and (k) any and all other governmental levies, fees, rents, assessments or taxes and charges, general and special, ordinary and extraordinary, foreseen and unforeseen, of any kind and nature whatsoever, and any interest or costs with respect thereto, which at any time during the Term are, or, if the Premises or any part thereof or the owner thereof were not exempt therefrom, would have been (1) assessed, levied, confirmed, imposed upon or would have become due and payable out of or in respect of, or would have been charged with respect to, the Premises or any document to which Tenant is a party creating or transferring an interest or estate in the Premises, the use and occupancy thereof by Tenant and (2) encumbrances or liens on (i) the Premises, or (ii) the sidewalks or streets in front of or adjoining the Premises, or (iii) any vault (other than a vault in respect of which a utility company is obligated to pay any charge specified above or which is exempt from any such charge by reason of use thereof by any such utility company), passageway or space in, over or under such sidewalk or street, or (iv) any other appurtenances of the Premises, or (v) any personal property, Equipment or other facility used in the operation thereof, or (vi) the Rental (or any portion thereof) payable by Tenant hereunder, each such Imposition, or installment thereof, during the Term to be paid not later than thirty (30) days prior to

the Due Date thereof. However, if, by law, any Imposition may at the option of the taxpayer be paid in installments (whether or not interest shall accrue on the unpaid balance of such Imposition), Tenant, after notice to Landlord, may exercise the option to pay the same in such installments and shall be responsible for the payment of such installments only, together with applicable interest, if any, provided that all such installment payments together with applicable interest, if any, relating to periods prior to the date definitely fixed in Article 2 hereof for the expiration of the Term shall be made prior to the Expiration Date.

Section 4.02. Notwithstanding anything contained in this Article 4 to the contrary, Landlord and Tenant each hereby represent that neither is aware of any Imposition which presently is or may hereafter become applicable to the Premises.

Section 4.03. Nothing herein contained shall require Tenant to pay municipal, state or federal income, gross receipts, inheritance, estate, succession, profit, capital or transfer gains tax, transfer or gift taxes of Landlord, or any corporate franchise tax imposed upon Landlord.

Section 4.04. Any Imposition relating to a period a part of which is included within the Term and a part of which is included in a period of time before the Commencement Date or after the date definitely fixed in Article 2 hereof for the expiration of the Term (whether or not such Imposition shall be assessed, levied, confirmed, imposed upon or in respect of or become a lien upon the Premises, or shall become payable, during the Term) shall be apportioned between Landlord and Tenant as of the Commencement Date or such date definitely fixed for the expiration of the Term, as the case may be, so that Tenant shall pay that portion of such Imposition which that part of such fiscal period included in the period of time after the Commencement Date or before such date definitely fixed in Article 2 for the expiration of the Term bears to such fiscal period, and Landlord shall pay the remainder thereof. Other than in respect of Impositions relating, in part, to a period of time before the Commencement Date, no such apportionment of Impositions shall be made if this Lease is terminated prior to the Expiration Date as the result of an Event of Default.

Section 4.05. Tenant shall have the right to contest the amount or validity, in whole or in part, of any Imposition (other than Taxes) by appropriate proceedings diligently conducted in good faith, in which event, notwithstanding the provisions of Section 4.01 hereof, payment of such Imposition shall be postponed if, and only as long as neither the Premises

nor any part thereof, or interest therein or any income therefrom (except to the extent covered by security deposited in accordance with this Section 4.05) or any other assets of or funds appropriated to Landlord would, by reason of such postponement or deferment, be, in the reasonable judgment of Landlord, in imminent danger of being forfeited or lost or subject to any lien, encumbrance or charge, and neither Landlord nor Tenant would by reason thereof be subject to any civil or criminal liability.

Section 4.06. Tenant shall have the right to seek a reduction in the valuation of the Premises assessed for Taxes and to prosecute any action or proceeding in connection therewith, provided no such action or proceeding shall affect Tenant's obligation to pay any installment of Taxes.

Section 4.07. Landlord shall not be required to join in any proceedings referred to in Sections 4.05 or 4.06 hereof unless the provisions of any law, rule or regulation at the time in effect shall require that such proceedings be brought by or in the name of Landlord, in which event, Landlord shall join and cooperate in such proceedings or permit the same to be brought in its name but shall not be liable for the payment of any costs or expenses in connection with any such proceedings and Tenant shall reimburse Landlord for any and all costs or expenses which Landlord may reasonably sustain or incur in connection with any such proceedings, including reasonable attorneys' fees and disbursements. If the provisions of such law, rule or regulation at the time in effect shall require that such proceedings be brought by or in the name of Master Landlord, Landlord shall use its best efforts to cause Master Landlord to join and cooperate in such proceedings or permit the same to be brought in the name of Master Landlord, provided Master Landlord shall not be liable for the payment of any costs or expenses in connection with any such proceedings and Tenant shall reimburse Master Landlord for any and all costs and expenses which Master Landlord may reasonably sustain or incur in connection with any such proceedings, including reasonable attorneys' fees and disbursements. In the event Tenant shall institute a proceeding referred to in Sections 4.05 or 4.06 hereof and no law, rule or regulation in effect at the time requires that such proceeding be brought by and/or in the name of Landlord, Landlord, nevertheless, shall, at Tenant's cost and subject to the reimbursement provisions hereinabove set forth, cooperate with Tenant in such proceeding.

Section 4.08. Any certificate, advice or bill of the appropriate official designated by law to make or issue the same or to receive payment of any Imposition asserting non-payment of such Imposition shall be prima facie evidence that such Imposition is due and unpaid at the time of the making or issuance of such certificate, advice or bill, at the time or date stated therein.

ARTICLE 5

LATE CHARGES

In the event that any payment of Rental shall become overdue beyond the due date thereof (or if no such date is set forth in this Lease, then such due date for purposes of this Article 5 shall be deemed to be the date upon which demand therefor is made), a late charge on the sums so overdue equal to the Involuntary Rate, for the period from thirty (30) days after written notice from Landlord to Tenant with respect to such payment to the date of actual payment, shall become due and payable to Landlord as liquidated damages for the administrative costs and expenses incurred by Landlord by reason of Tenant's failure to make prompt payment. The late charges shall be payable by Tenant within ten (10) days after demand. No failure by Landlord to insist upon the strict performance by Tenant of its obligations to pay late charges shall constitute a waiver by Landlord of its right to enforce the provisions of this Article 5 in any instance thereafter occurring. The provisions of this Article 5 shall not be construed in any way to extend the grace periods or notice periods provided for in Article 23.

ARTICLE 6

INSURANCE

Section 6.01.

(a) Tenant shall, at all times after the Commencement Date and thereafter throughout the Term procure and maintain at its sole expense insurance in such amounts, covering such risks and issued by such carriers as may be required by the Master Lease or the Bond Resolutions as of the date hereof, and all policies with respect to such insurance, and the use of the proceeds of such policies, shall comply with the terms of the Master Lease and the Bond Resolutions as of the date hereof.

(b) All insurance provided by Tenant as required by Section 6.01(a) shall name Tenant as named insured and Landlord and Master Landlord as additional insureds to the extent, where applicable, of their respective insurable interests in the Premises.

(c) Whenever Tenant shall be required to carry insurance under this Section 6.01, Tenant shall not be required

to carry insurance in any greater amounts or against any additional hazards than at the time are commonly carried by Tenant for similar educational facilities, provided that the types or amounts of such coverage shall never be different from or less than, as the case may be, the types or amounts specifically required hereunder. Any dispute as to the amounts of additional insurance to be carried, or the additional kinds of hazards to be insured against, shall be resolved by arbitration pursuant to Article 34.

Section 6.02.

(a) The originals of all policies required pursuant to Section 6.01 shall be delivered to Landlord immediately upon receipt from the insurance company or companies, together with proof satisfactory to Landlord that the full premiums thereon have been paid, provided, that Landlord shall not, by reason of custody of such policies, be deemed to have knowledge of the contents thereof. New or renewal policies replacing any policies expiring during the Term or duplicate originals thereof, shall be delivered as aforesaid at least ten (10) days before the date of expiration, together with proof satisfactory to Landlord that the full premiums thereon have been paid. Premiums on policies shall not be financed in any manner whereby the lender, on default or otherwise, shall have the right or privilege of surrendering or cancelling the policies or reducing the amount of loss payable thereunder, provided, however, that premiums may be paid in installments.

(b) Tenant and Landlord shall cooperate in connection with the collection of any insurance moneys that may be due in the event of loss and Tenant and Landlord shall execute and deliver such proofs of loss and other instruments as may be required for the purpose of obtaining the recovery of any such insurance moneys. Tenant shall promptly reimburse Landlord for any and all reasonable costs or expenses which Landlord may sustain or incur in connection therewith.

(c) Tenant shall not carry separate insurance (other than personal injury liability insurance) concurrent in form or contributing in the event of loss with that required by this Lease to be furnished by Tenant, unless Landlord and Master Landlord are included therein as named insureds with loss payable as provided in this Lease. Tenant immediately shall notify Landlord of the carrying of any such separate insurance and shall cause the policies therefor or duplicate originals thereof to be delivered as required in this Lease.

(d) All property insurance policies as required by this Lease shall provide in substance that all adjustments for claims with the insurers in excess of Two Hundred and Fifty Thousand Dollars (\$250,000) shall be made with Landlord and Tenant. Any adjustments for claims with the insurers involving sums of less than Two Hundred and Fifty Thousand Dollars (\$250,000) shall be made with Tenant. Such amount shall be adjusted on the fifth (5th) anniversary of the Commencement Date and on each fifth (5th) anniversary of the date on which an adjustment is made pursuant to this Section 6.02(d) by adding to \$250,000 an amount equal to the product of (x) \$250,000 and (y) the percent of increase, if any, in the Consumer Price Index for the month in which the applicable anniversary date occurs over the Consumer Price Index for the month in which the Commencement Date occurs. Any dispute as to the calculation of such adjustment shall be determined by arbitration pursuant to Article 34.

(e) Tenant shall not violate or permit to be violated any of the conditions or provisions of any insurance policy required hereunder, and Tenant shall so perform and satisfy or cause to be performed and satisfied the requirements of the companies writing such policies so that at all times companies of good standing, reasonably satisfactory to Landlord, shall be willing to write and continue such insurance.

(f) Each policy of insurance required to be obtained by Tenant as herein provided shall contain to the extent obtainable and whether or not an additional premium shall be payable in connection therewith (i) a provision that no act or omission or negligence of Tenant or any other named insured or violation of warranties, declarations or conditions by Tenant or any other named insured shall affect or limit the obligation of the insurance company to pay the amount of any loss sustained, (ii) an agreement by the insurer that such policy shall not be cancelled or modified without at least thirty (30) days prior written notice to Landlord, (iii) an agreement that the coverage afforded by the insurance policy shall not be affected by the performance of any work in or about the Premises or the occupation or use of the Premises by Tenant for purposes more hazardous than those permitted by the terms of such policy, (iv) a waiver by the insurer of any claim for insurance premiums against Landlord or any named insured other than Tenant, and (v) a waiver of subrogation by the insurers of any right to recover the amount of any loss resulting from the negligence of Tenant, Landlord, their agents, employees or licensees.

(g) All liability insurance required to be provided and kept in force by Tenant under this Lease shall be written on an "Occurrence" basis, provided, however, that if (i) a basis other than such "Occurrence" basis shall be adopted throughout the insurance industry and (ii) such other basis shall be accepted by most prudent owners of like buildings and improvements, then Tenant may provide and keep in force liability insurance written on such other basis satisfactory to Landlord.

Section 6.03. The insurance required by this Lease, at the option of Tenant, may be effected by blanket or umbrella policies issued to Tenant covering the Premises and other properties owned or leased by Tenant, provided that the policies otherwise comply with the provisions of this Lease and specifically allocate to the Premises the coverages required hereby, without possibility of reduction or coinsurance by reason of, or damage to, any other premises named therein, and if the insurance required by this Lease shall be effected by any such blanket or umbrella policies, Tenant shall furnish to Landlord certified copies or duplicate originals of such policies in place of the originals, with schedules thereto attached showing the amount of insurance afforded by such policies applicable to the Premises, and in addition, within thirty (30) days after the filing thereof with any insurance ratemaking body, copies of the schedule of all improvements affected by any such blanket or umbrella policy of insurance.

Section 6.04. Notwithstanding the provisions of this Article 6, for so long as the Tenant shall be The Board of Education of the City of New York, Tenant shall have no obligation to comply with the provisions of this Article 6.

ARTICLE 7

RESTORATION

Section 7.01. Subject to the terms of Section 7.04, if all or any part of any of the Buildings shall be destroyed or damaged in whole or in part by fire or other casualty (including any casualty for which insurance was not obtained or obtainable) of any kind or nature, ordinary or extraordinary, foreseen or unforeseen, Tenant shall give to Landlord immediate notice thereof, except that no notice shall be required if the estimated cost of repairs, alterations, restorations, replacements and rebuilding (collectively, "Restoration") shall be less than \$10,000 (as such amount shall be increased as provided in Section 6.02(d)), and Tenant shall, whether or not

such damage or destruction shall have been insured, and whether or not insurance proceeds, if any, shall be sufficient for the purpose of such Restoration, with reasonable diligence (subject to Unavoidable Delays) repair, alter, restore, replace and rebuild (collectively, "Restore") the same, in accordance with applicable law and regulation, at least to the extent of the value and as nearly as possible to the condition, quality and class of the Buildings existing immediately prior to such occurrence, with such changes or alterations as Tenant, with the consent of Landlord, which consent shall not be unreasonably withheld, shall elect to make, provided that, after the Restoration, the Buildings are in substantial conformity with the Master Development Plan, the Design Guidelines and, with respect to the exterior of the Buildings, such plans and specifications as Landlord shall approve. Landlord in no event shall be obligated to Restore the Buildings or any portion thereof or to pay any of the costs or expenses thereof. Tenant's obligations under this Section 7.01 shall survive the expiration or termination of this Lease.

Section 7.02.

(a) Any insurance proceeds which may be received by Tenant together with any other monies available to Tenant for Restoration (collectively, the "Restoration Funds") shall be used for the purpose of the Restoration.

(b) Prior to commencing any Restoration, Tenant shall furnish Landlord with an estimate of the cost of such Restoration, prepared by a licensed professional engineer or registered architect approved by Landlord, which approval shall not be unreasonably withheld. Landlord may engage a licensed professional engineer or registered architect to prepare its own estimate of the cost of such Restoration. If there is any dispute as to the estimated cost of the Restoration, such dispute shall be resolved by arbitration in accordance with the provisions of Article 34.

(c) If any vendor's, mechanic's, laborer's, or materialman's lien is filed against the Premises or any part thereof, or if any public improvement lien relating to the Restoration of the Premises is created or permitted to be created by Tenant and is filed against Landlord, or any assets of, or funds appropriated to, Landlord, Tenant shall cause such lien to be satisfied or discharged (by bonding or otherwise).

Section 7.03.

(a) In the event that (i) any loss, damage or destruction occurs, the cost of Restoration of which equals or

exceeds Two Hundred and Fifty Thousand Dollars (\$250,000) in the aggregate, determined as provided in Section 7.02(b) (as such amount shall be increased as provided in Section 6.02(d)) or (ii) any portion of the Restoration involves work on the exterior of the Buildings or a change in the height, bulk or setback of the Buildings from the height, bulk or setback existing immediately prior to the damage or destruction, or in any other matter relates to the Master Development Plan or the Design Guidelines, Tenant shall furnish to Landlord, at least thirty (30) Business Days prior to commencement of such Restoration, complete plans and specifications for the Restoration, prepared by a licensed professional engineer or registered architect approved by Landlord, which approval shall not be unreasonably withheld, together with the approval thereof and any required permits issued by any Governmental Authority with respect to the Restoration; all such plans and specifications and materials for the Restoration affecting the exterior of the Buildings shall be subject to Landlord's prior approval and all of the foregoing to be subject to Landlord's review and approval for substantial conformity with the Master Development Plan and the Design Guidelines. Such plans and specifications shall become the sole and absolute property of Landlord if for any reason this Lease shall be terminated. Each review by Landlord shall be carried out within fifteen (15) Business Days of the date of delivery of the plans and specifications by Tenant, and if Landlord shall not have notified Tenant of its determination within such period, it shall be deemed to have determined that the proposed plans and specifications are satisfactory.

(b) In the event Tenant shall desire to modify the plans and specifications which Landlord theretofore has approved pursuant to Section 7.03(a) with respect to, or which will in any way affect, any aspect of the exterior of the Buildings or the height, bulk or setback of the Buildings or which will affect compliance with the Design Guidelines or the Master Development Plan, Tenant shall submit the proposed modifications to Landlord. Tenant shall not be required to submit to Landlord proposed modifications of the plans and specifications which affect the interior of the Buildings. Landlord shall review the proposed changes (other than changes to the interior of the Buildings) to determine whether or not they (i) conform to the Master Development Plan and the Design Guidelines and (ii) provide for design, finishes and materials which are comparable in quality to those provided for in the approved plans and specifications, and shall approve such proposed changes if they do so conform and so provide. If Landlord determines that the proposed changes are not satisfactory in light of the above criteria, it shall so advise Tenant, specifying in what respect the plans and

specifications, as so modified, do not conform to the Master Development Plan or the Design Guidelines or do not provide for design, finishes and materials which are comparable in quality to those provided for in the approved plans and specifications. Within twenty (20) Business Days after Landlord shall have so notified Tenant, Tenant shall revise the plans and specifications so as to meet Landlord's objections and shall deliver same to Landlord for review. Each review by Landlord shall be carried out within ten (10) Business Days of the date of delivery of the plans and specifications, as so revised (or one or more portions thereof), by Tenant, and if Landlord shall not have notified Tenant of its determination within such ten (10) Business Day period, it shall be deemed to have determined that the proposed changes are satisfactory. Landlord shall not review portions of the approved plans and specifications which Landlord has previously determined to be satisfactory, provided same have not been changed by Tenant.

Section 7.04. This Lease shall not terminate or be forfeited or be affected in any manner, and there shall be no reduction or abatement of the Rental payable hereunder, by reason of damage to or total, substantial or partial destruction of the Buildings or any part thereof or by reason of the untenability of the same or any part thereof, for or due to any reason or cause whatsoever, and Tenant, notwithstanding any law or statute present or future, waives any and all rights to quit or surrender the Premises or any part thereof. Tenant expressly agrees that its obligations hereunder, including, without limitation, the payment of Rental, shall continue as though the Buildings had not been damaged or destroyed and without abatement, suspension, diminution or reduction of any kind. It is the intention of Landlord and Tenant that the foregoing is an "express agreement to the contrary" as provided in Section 227 of the Real Property Law of the State of New York. Notwithstanding the foregoing, in the event of damage or destruction to the Buildings, Tenant may, within thirty (30) days after such damage or destruction, notify Landlord in writing of Tenant's intention not to restore the Buildings in accordance with Section 7.01 hereof. Tenant shall promptly thereafter clear the Land of all the remaining portions of the Buildings at Tenant's sole cost and expense, and shall execute and deliver to Landlord a surrender of this Lease. Upon completion of the foregoing, the term of this Lease shall thereupon be deemed terminated.

Section 7.05. Tenant shall deliver to Landlord, within ninety (90) days of the completion of such Restoration, a complete set of "as built" plans thereof certified to be complete and correct by a registered architect.

ARTICLE 8
CONDEMNATION

Section 8.01.

(a) If the whole or substantially all of the Premises shall be taken (excluding a taking of the fee interest in the Premises, or any leasehold interest superior to that of the Tenant's, if after such taking, Tenant's rights under this Lease are not affected) for any public or quasi-public purpose by any lawful power or authority by the exercise of the right of condemnation or eminent domain or by agreement among Landlord, Tenant and those authorized to exercise such right, this Lease and the Term shall terminate and expire on the date of such taking and the Rental payable by Tenant hereunder shall be equitably apportioned as of the date of such taking.

(b) The term "substantially all of the Premises" shall mean such portion of the Premises as, when so taken, would leave remaining a balance of the Premises which, due either to the area so taken or the location of the part so taken in relation to the part not so taken, would not under economic conditions, applicable zoning laws, building regulations then existing or prevailing or the Master Development Plan, and after performance by Tenant of all covenants, agreements, terms and provisions contained herein or by law required to be observed or performed by Tenant, permit the Restoration of the Buildings so as to constitute a complete, operational school comparable to the School. If there be any dispute as to whether or not "substantially all of the Premises" has been taken, such dispute shall be resolved by arbitration with the provisions of Article 34.

(c) If the whole or substantially all of the Premises shall be taken or condemned as provided in Section 8.01(a), the award, awards or damages in respect thereof shall be apportioned as follows: (i) there shall first be paid to Landlord so much of the award which is for or attributable to the value of the Land, considered as unimproved and unencumbered by this Lease or the Master Lease and (ii) Tenant shall receive the balance of the award, if any.

Section 8.02. For purposes of this Article 8, the "date of taking" shall be deemed to be the earlier of (i) the date on which actual possession of the whole or substantially all of the Premises, or a part thereof, as the case may be, is acquired by any lawful power or authority pursuant to the provisions of the applicable federal or New York State law or

(ii) the date in which title to the Premises or the aforesaid portion thereof shall have vested in any lawful power or authority pursuant to the provisions of the applicable federal or New York State law.

Section 8.03. If less than substantially all of the Premises shall be so taken, this Lease and the Term shall continue as to the portion of the Premises remaining without abatement of the Base Rent or diminution of any of Tenant's obligations hereunder. Tenant, whether or not the award or awards, if any, shall be sufficient for the purpose shall (subject to Unavoidable Delays) proceed diligently to Restore any remaining part of the Buildings not so taken so that the latter shall be a complete, operable, self-contained architectural unit in good condition and repair. All plans and specifications and materials for such Restoration affecting the exterior of the Buildings shall be subject to Landlord's prior approval and all of the foregoing shall be subject to Landlord's review and approval for substantial conformity with the Master Development Plan and the Design Guidelines. Such plans and specifications shall become the sole and absolute property of the Landlord if for any reason this Lease shall be terminated. In the event of any taking pursuant to this Section 8.03, the entire award for or attributable to the Land, considered as unimproved and unencumbered by this Lease, shall be first paid to Landlord, and the balance of the award, if any, shall be paid in trust to Tenant (provided that if the Master Lease requires payment in trust to Landlord, such balance shall be paid as provided therein) for application to the cost of Restoration of the part of the Buildings not so taken. Such Restoration shall be done in accordance with and subject to the provisions of Article 7. Payments to Tenant as aforesaid shall be disbursed in the manner and subject to the conditions set forth in Article 7. Any balance of the award remaining after completion of the Restoration shall be retained by Tenant. Each of the parties shall execute any and all documents that may be reasonably required in order to facilitate collection by them of such awards.

Section 8.04. If the temporary use of the whole or any part of the Premises shall be taken for any public or quasi-public purpose by any lawful power or authority by the exercise of the right of condemnation or eminent domain or by agreement between Tenant and those authorized to exercise such right, Tenant shall give prompt notice thereof to Landlord and the Term shall not be reduced or affected in any way and Tenant shall continue to pay in full the Rental payable by Tenant hereunder without reduction or abatement, and Tenant shall be entitled to receive for itself any award or payments for such use, provided, however, that:

(a) if the taking is for a period not extending beyond the Term and if such award or payment is made less frequently than in monthly installments, the same shall be paid to and held by Landlord as a fund which Landlord shall apply from time to time to the payment of Rental, except that, if such taking results in changes or alterations in the Buildings which would necessitate an expenditure to Restore such Buildings to their former condition, then, a portion of such award or payment considered by Landlord, in its reasonable opinion, as appropriate to cover the expenses of the Restoration shall be applied and paid over to Tenant toward the Restoration of such Buildings to their former condition, substantially in the same manner and subject to the same conditions as provided in Section 8.03; and any portion of such award or payment which shall not be required pursuant to this Section 8.04(a) to be applied to the Restoration of the Buildings or to the payment of Rental until the end of the Term (or, if the taking is for a period terminating prior to the end of the Term, until the end of such period), shall be paid to Tenant; or

(b) if the taking is for a period extending beyond the Term, such award or payment shall be apportioned between Landlord and Tenant as of the Expiration Date, and Landlord's and Tenant's share thereof, if paid less frequently than in monthly installments, shall be paid to Landlord and applied in accordance with the provisions of Section 8.04(a), provided, however, that the amount of any award or payment allowed or retained for the Restoration of the Buildings and not previously applied for such purpose shall remain the property of Landlord if this Lease shall expire prior to such Restoration.

Section 8.05. In case of any governmental action, not resulting in the taking or condemnation of any portion of the Premises but creating a right to compensation therefor, such as the changing of the grade of any street upon which the Premises abut, this Lease shall continue in full force and effect without reduction or abatement of Rental and the award shall be paid to Landlord.

Section 8.06. In the event of a negotiated sale of all or a portion of the Premises in lieu of condemnation, the proceeds shall be distributed as provided in cases of condemnation.

Section 8.07. Landlord and Tenant shall be entitled to file a claim and otherwise participate in any condemnation or similar proceeding and all hearings, trials and appeals in respect thereof.

Section 8.08. Notwithstanding anything to the contrary contained in this Article 8, in the event of any permanent or temporary taking of all or any part of the Premises, Tenant shall have the exclusive right to assert claims for any trade fixtures and personal property so taken which were the property of Tenant including any Equipment and for relocation expenses of Tenant, and all awards and damages in respect thereof shall belong to Tenant, and Landlord hereby waives any and all claims to any part thereof; provided, however, that if there shall be no separate award or allocation for such trade fixtures or personal property, then such claims of Tenant, or awards and damages, shall be subject and subordinate to Landlord's claims under this Article 8.

ARTICLE 9

ASSIGNMENT, SUBLETTING, ETC.

Neither this Lease nor any interest of Tenant in this Lease, shall be sold, assigned, or otherwise transferred, whether by operation of law or otherwise, nor shall Tenant sublet the Premises or any part thereof or, except as otherwise specifically provided herein, permit the Premises or any part thereof to be used or occupied by anyone other than Tenant, nor shall Tenant mortgage, pledge, encumber or otherwise hypothecate this Lease or the Premises or any part thereof in any manner whatsoever, without the consent of Landlord in each case, which consent may be withheld by Landlord for any reason whatsoever. Notwithstanding the foregoing, Tenant may at any time during the term of this Lease assign its interest in this Lease to New York City or any agency which may at any time be a successor agency to Tenant.

ARTICLE 10

CONSTRUCTION AND OWNERSHIP OF BUILDINGS AND EQUIPMENT

Section 10.01. Landlord shall construct the Buildings in accordance with the provisions of the Development Agreement.

Section 10.02. The Buildings, and the materials to be incorporated in the Buildings at any time prior to or during the Term, shall, upon purchase of materials and at all times thereafter until the expiration or earlier termination of this Lease, constitute the property of Tenant, and upon construction

of the Buildings or the incorporation of such materials therein, title thereto shall vest in Tenant and, on the Commencement Date, a Deed for such improvements will be executed and delivered in the form of Exhibit C. Except as specifically provided in the Development Agreement (i) Landlord shall not be liable in any manner for payment or otherwise to any contractor, subcontractor, laborer or supplier of materials or other Person in connection with the purchase of any such materials, (ii) Landlord shall have no obligation to pay any compensation to Tenant by reason of its acquisition of title to such materials and Buildings, and (iii) Landlord shall have no obligation with respect to the storage or care of such materials or the Buildings.

Section 10.03. Upon the expiration or earlier termination of this Lease pursuant to the terms hereof or by operation of law or otherwise, the Buildings, and all materials and Equipment incorporated therein shall become vested in Landlord without the necessity of the execution of any additional instruments and without the payment by Landlord of any consideration therefor and Tenant shall have no right to move any of the foregoing from the Land demised hereby.

ARTICLE 11

REPAIRS

Section 11.01. Tenant shall take good care of the Premises, including, without limitation, roofs, foundations and appurtenances thereto, all Equipment, all sidewalks, vaults (other than vaults which are under the control of, or are maintained or repaired by, a utility company), sidewalk hoists, water, sewer and gas connections, pipes and mains which are located on or service the Premises (unless the City of New York or a public utility company is obligated to maintain or repair same), and shall put, keep and maintain the Premises in good and safe order and condition, and make all repairs therein and thereon, interior and exterior, structural and nonstructural, ordinary and extraordinary, foreseen and unforeseen, necessary or appropriate to keep the same in good and safe order and condition, and whether or not necessitated by wear, tear, obsolescence or defects, latent or otherwise, provided, however that Tenant's obligations with respect to Restoration resulting from a casualty or condemnation shall be as provided in Articles 7 and 8 hereof. Tenant shall not commit or suffer, and shall use all reasonable precaution to prevent, waste, damage or injury to the Premises. When used in this Section 11.01, the term "repairs" shall include all necessary

replacements, alterations and additions. All repairs made by Tenant shall be equal in quality and class to the original work and shall be made in compliance with (a) all Requirements of Governmental Authorities (including, but not limited to, Local Law No. 5, 1973, as amended), (b) the New York Board of Fire Underwriters or any successor thereto, and (c) the Building Code of New York City, as then in force.

Section 11.02. Tenant shall keep clean and free from dirt, snow, ice, rubbish, defacement, obstructions and encumbrances, the sidewalks, grounds, chutes and sidewalk hoists comprising, in front of, or adjacent to, the Premises, except Tenant shall have no such obligations with respect to the North Esplanade.

Section 11.03. Landlord shall not be required to furnish any services, utilities or facilities whatsoever to the Premises, nor shall Landlord have any duty or obligation to make any alteration, change, improvement, replacement, Restoration or repair to, nor to demolish, any Buildings. Tenant assumes the full and sole responsibility for the condition, operation, repair, alteration, improvement, replacement, maintenance and management of the Premises. Tenant shall not clean nor require, permit, suffer nor allow any window in the Premises to be cleaned from the outside in violation of the Labor Law or of the rules of the Industrial Board or other state, county or municipal department, board or body having jurisdiction.

ARTICLE 12

CHANGES, ALTERATIONS AND ADDITIONS

Section 12.01. Tenant shall not demolish, replace or materially alter the Buildings, or any part thereof, or make any addition thereto, whether voluntarily or in connection with repairs or Restorations required by this Lease (collectively, "Capital Improvement"), unless Tenant shall comply with the following requirements and, if applicable, with the additional requirements set forth in Section 12.02.

(a) No Capital improvement shall be undertaken until Tenant shall have procured from all Governmental Authorities and paid for all permits, consents, certificates and approvals for the proposed Capital Improvement which are required to be obtained prior to the commencement of the proposed Capital Improvement (collectively, "Improvement Approvals"). Landlord shall not unreasonably refuse to join or otherwise cooperate in

the application for any such Improvement Approvals, provided such application is made without cost or expense to Landlord. True copies of all such Improvement Approvals shall be delivered by Tenant to Landlord prior to commencement of the proposed Capital Improvement.

(b) All Capital Improvements shall be made with reasonable diligence and continuity (subject to Unavoidable Delays) and in a good and workmanlike manner and in compliance with (i) all Improvement Approvals, (ii) the Master Development Plan, the Design Guidelines and, if required pursuant to Section 12.02(a) or (b), the plans and specifications for such Capital Improvement as approved by Landlord, (iii) the orders, rules, regulations and requirements of any Board of Fire Underwriters or any similar body having jurisdiction, and (iv) all other Requirements.

(c) If, under the provisions of any casualty, liability or other insurance policy or policies then covering the Premises or any part thereof, any consent to such Capital Improvement by the insurance company or companies issuing such policy or policies shall be required to continue and keep such policy or policies in full force and effect, Tenant, prior to the commencement of construction of such Capital Improvement, shall obtain such consents and pay any additional premiums or charges therefor that may be imposed by said insurance company or companies.

Section 12.02.

(a) In the event that (i) the estimated cost of any proposed Capital Improvement shall exceed Two Hundred and Fifty Thousand Dollars (\$250,000) (as such amount shall be increased as provided in Section 6.02(d)), either individually or in the aggregate with other Capital Improvements constructed in any twelve (12) month period during the Term or (ii) any portion of the Capital Improvement involves structural work or work involving the exterior of the Buildings or a change in the height, bulk or setback of the Buildings from the height, bulk or setback existing immediately prior to the Capital Improvement or in any other matter relates to the Master Development Plan or the Design Guidelines, Tenant shall furnish to Landlord, at least thirty (30) Business Days prior to commencement of the proposed Capital Improvement, complete plans and specifications for the Capital Improvement, prepared by a licensed professional engineer or a registered architect approved by Landlord, which approval shall not be unreasonably withheld; all such plans and specifications and materials for the Capital Improvement affecting the exterior of the Buildings shall be subject to Landlord's prior approval and all of the

foregoing to be subject to Landlord's review and approval for conformity with the Master Development Plan and the Design Guidelines. Such plans and specifications shall become the sole and absolute property of Landlord if for any reason this Lease shall be terminated. Each review by Landlord shall be carried out within fifteen (15) Business Days of the delivery of the plans and specifications by Tenant, and if Landlord shall not have notified Tenant of its determination within such period, it shall be deemed to have determined that the proposed plans and specifications are satisfactory.

(b) In the event that Tenant shall desire to modify the plans and specifications which Landlord theretofore has approved pursuant to Sections 12.02(a) with respect to, or which will in any way affect, any aspect of the exterior of the Buildings or the height, bulk or setback thereof or which will affect compliance with the Design Guidelines or the Master Development Plan, Tenant shall submit the proposed modifications to Landlord. Tenant shall not be required to submit to Landlord proposed modifications of the plans and specifications which affect solely the interior of the Buildings. Landlord shall review the proposed changes to determine whether or not they (i) conform to the Master Development Plan and the Design Guidelines and (ii) provide for design, finishes and materials which are comparable in quality to those provided for in the approved plans and specifications and shall approve such proposed changes if they do so conform and so provide. If Landlord determines that the proposed changes are not satisfactory in light of the above criteria, it shall so advise Tenant, specifying in what respect the plans and specifications, as so modified, do not conform to the Master Development Plan or the Design Guidelines or do not provide for design, finishes and materials which are comparable in quality to those provided for in the approved plans and specifications. Within fifteen (15) Business Days after Landlord shall have so advised Tenant, Tenant shall revise the plans and specifications so as to meet Landlord's objections and shall deliver same to Landlord for review. Each review by Landlord shall be carried out within fifteen (15) Business Days of the date of delivery of the plans and specifications, as so revised (or one or more portions thereof), by Tenant, and if Landlord shall not have notified Tenant of its determination within such period, it shall be deemed to have determined that the proposed changes are satisfactory. Landlord shall not review portions of the approved plans and specifications which Landlord has previously determined to be satisfactory, provided same have not been changed by Tenant.

Section 12.03. All Capital Improvements (i) costing more than \$250,000.00 (and not constituting repair of existing

improvements) or (ii) being of the kind referred to in Section 12.02(a)(ii) shall be carried out under the supervision of an architect selected by Tenant and approved by Landlord, which approval shall not be unreasonably withheld. Within ninety (90) days of completion of any such Capital Improvement Tenant shall furnish to Landlord a complete set of "as-built" plans for such Capital Improvement, together with a permanent Certificate of Occupancy therefor issued by the New York City Department of Buildings, to the extent a modification thereof was required.

Section 12.04. Title to all additions, alterations, improvements and replacements made to the Improvements, including, without limitation, the Capital Improvements, shall forthwith vest in Tenant as provided in Section 10.02, subject to the rights of Landlord as provided in Section 10.03.

ARTICLE 13

REQUIREMENTS OF PUBLIC AUTHORITIES AND OF INSURANCE UNDERWRITERS AND POLICIES; COMPLIANCE WITH MASTER LEASE

Section 13.01. Tenant promptly shall comply with any and all applicable present and future laws, rules, orders, ordinances, regulations, statutes, requirements, permits, consents, certificates, approvals, codes and executive orders (collectively, "Requirements") without regard to the nature or cost of the work required to be done, extraordinary, as well as ordinary, of all Governmental Authorities now existing or hereafter created, and of any and all of their departments and bureaus, of any applicable Fire Rating Bureau or other body exercising similar functions, affecting the Premises or any street, avenue or sidewalk dedicated to the City comprising a part or in front thereof or any vault in or under the same, or requiring the removal of any encroachment, or affecting the construction, maintenance, use, operation, management or occupancy of the Premises, whether or not the same involve or require any structural changes or additions in or to the Premises, and without regard to whether or not such changes or additions are required on account of any particular use to which the Premises, or any part thereof, may be put. Notwithstanding the foregoing, Tenant shall not be required to comply with Requirements of Landlord except (i) as otherwise expressly provided in this Lease or (ii) Requirements of New York City acting solely in its capacity as a Governmental Authority. Tenant also shall comply with any and all provisions and requirements of any casualty, liability or other insurance policy required to be carried by Tenant under the provisions of this Lease.

Section 13.02. Tenant shall have the right to contest the validity of any Requirements or the application thereof. Any such proceeding instituted by Tenant shall be commenced as soon as is reasonably possible after the issuance of any such contested matters, or after notice (actual or constructive) to Tenant of the applicability of such matters to the Premises and shall be prosecuted to final adjudication with reasonable dispatch. Notwithstanding the foregoing, Tenant promptly shall comply with any such Requirements and compliance shall not be deferred if such non-compliance shall result in the imminent loss or forfeiture of the Premises, or any part thereof or if Landlord shall be in danger of being subject to civil or criminal liability or penalty by reason of non-compliance therewith. Landlord shall cooperate with Tenant in any such contest to such extent as Tenant may reasonably request, it being understood, however, that Landlord shall not be subject to any liability or the payment of any costs or expense in connection with any proceeding brought by Tenant.

Section 13.03. Tenant shall not (to the extent reasonably within Tenant's control) cause or create or permit to exist or occur any condition or event relating to the Premises which would, with or without notice or passage of time, result in an event of default under the Master Lease. Tenant shall perform all of Landlord's obligations as tenant under the Master Lease, as of the date hereof, relating to the maintenance and operation of the Premises unless, in accordance with the terms of this Lease, Landlord is specifically obligated to perform any such obligation. For purposes of determining the obligations under the Master Lease relating to the Premises, the Buildings shall be deemed a "Civic Facility" (as defined in the Master Lease) which is dedicated to and accepted by the City of New York.

ARTICLE 14

EQUIPMENT

Tenant shall keep all Equipment in good order and repair and shall replace the same when necessary with items at least equal in utility and value to the Equipment being replaced.

ARTICLE 15

DISCHARGE OF LIENS; BONDS

Section 15.01. Subject to the provisions of Section 15.02 hereof, except as otherwise expressly provided herein, Tenant shall not create or permit to be created as a result of the acts or omissions of Tenant, or any agent, employee, licensee or invitee of Tenant, any lien, encumbrance or charge upon the Premises or any part thereof, or the Project Area or any part thereof, the income therefrom or any assets of, or funds appropriated to, Landlord, and Tenant shall not suffer any other matter or thing whereby the estate, right and interest of Landlord in the Premises or any part thereof might be impaired.

Section 15.02. If any mechanic's, laborer's or materialman's lien (other than a lien arising out of any work performed by Landlord) at any time shall be filed in violation of the obligations of Tenant pursuant to Section 15.01 against the Premises or any part thereof or the Project Area or any part thereof, or, if any public improvement lien created or permitted to be created by Tenant shall be filed against any assets of, or funds appropriated to, Landlord, Tenant, within sixty (60) days after notice of the filing thereof, shall cause the same to be discharged of record by payment, deposit, bond, order of a court of competent jurisdiction or otherwise. If Tenant shall fail to cause such lien to be discharged of record within the period aforesaid, and if such lien shall continue for an additional ten (10) days after notice by Landlord to Tenant, then, in addition to any other right or remedy, Landlord may, but shall not be obligated to, discharge the same either by paying the amount claimed to be due or by procuring the discharge of such lien by deposit or by bonding proceedings, and in any such event, Landlord shall be entitled, if Landlord so elects, to compel the prosecution of an action for the foreclosure of such lien by the lienor and to pay the amount of the judgment in favor of the lienor with interest, costs and allowances. Any amount so paid by Landlord, including all reasonable costs and expenses incurred by Landlord in connection therewith, together with interest thereon at the Involuntary Rate, from the respective dates of Landlord's making of the payment or incurring of the costs and expenses, shall constitute Rental and shall be paid by Tenant to Landlord within ten (10) days after demand. Notwithstanding the foregoing provisions of this Section 15.02, Tenant shall not be required to discharge any such lien if Tenant is in good faith contesting the same and Landlord in its reasonable judgment has determined that the existence of such lien is not likely to result in any foreclosure or civil or criminal penalties.

Section 15.03. Nothing in this Lease contained shall be deemed or construed in any way as constituting the consent or request of Landlord, express or implied, by inference or otherwise, to any contractor, subcontractor, laborer or materialman for the performance of any labor or the furnishing of any materials for any specific improvement, alteration to or repair of the Premises or any part thereof, nor as giving Tenant any right, power or authority to contract for or permit the rendering of any services or the furnishing of materials that would give rise to the filing of any lien against Landlord's interest in the premises or any part thereof, the Project Area or any part thereof, or any assets of, or funds appropriated to, Landlord.

Section 15.04. Tenant shall have no power to do any act or make any contract which may create or be the foundation for any lien, mortgage or other encumbrance upon the estate or assets of, or funds appropriated to, Landlord or of any interest of Landlord in the Premises.

ARTICLE 16

NO REPRESENTATIONS BY LANDLORD

Except as otherwise expressly set forth in this Lease or the Development Agreement, no representations, statements or warranties, express or implied, have been made by or on behalf of Landlord in respect of the Land, the Project Area, the status of title thereof, the physical condition thereof, including, without limitation, the landfill portions thereof, the zoning or other laws, regulations, rules and orders applicable thereto, or the use that may be made of the Land, that Tenant has relied on no such representations, statements or warranties, and that Landlord shall in no event whatsoever be liable for any latent or patent defects in the Land.

ARTICLE 17

LANDLORD NOT LIABLE FOR INJURY OR DAMAGE, ETC.

Section 17.01. Landlord shall not in any event whatsoever be liable for any injury or damage to Tenant or to any other Person happening on, in or about the Premises and its appurtenances, nor for any injury or damage to the Premises or to any property belonging to Tenant or to any other Person which may be caused by any fire or breakage, or by the use,

misuse or abuse of the Buildings (including, but not limited to, any of the common areas within the Buildings, Equipment, elevators, hatches, openings, installations, stairways, hallways, or other common facilities), or the streets or sidewalk area within the Premises or which may arise from any other cause whatsoever except to the extent any of the foregoing shall have resulted from the negligence or wrongful act of Landlord, its officers, agents, employees or licensees; nor shall Landlord in any event be liable for the acts or failure to act of any other tenant of any premises within the Project Area other than the Premises, or of any agent, representative, employee, contractor or servant of such other tenant.

Section 17.02. Landlord shall not be liable to Tenant or to any other Person for any failure of water supply, gas or electric current, nor for any injury or damage to any property of Tenant or of any other Person or to the Premises caused by or resulting from gasoline, oil, steam, gas, electricity, or hurricane, tornado, flood, wind or similar storms or disturbances, or water, rain or snow which may leak or flow from the street, sewer, gas mains or subsurface area or from any part of the Premises, or leakage of gasoline or oil from pipes, appliances, sewer or plumbing works therein, or from any other place, nor for interference with light or other incorporeal hereditaments by anybody, or caused by any public or quasi-public work except to the extent any of the foregoing shall have resulted from the negligence or wrongful act of Landlord, its officers, agents, employees or licensees.

Section 17.03. In addition to the provisions of Sections 17.01 and 17.02, in no event shall Landlord be liable to Tenant or to any other Person for any injury or damage to any property of Tenant or of any other Person or to the Premises, arising out of any sinking, shifting, movement, subsidence, failure in load-bearing capacity of, or other matter or difficulty related to, the soil, or other surface or subsurface materials, on the Premises or in the Project Area, it being agreed that Tenant shall assume and bear all risk of loss with respect thereto.

ARTICLE 18

INDEMNIFICATION OF LANDLORD AND OTHERS

Section 18.01. Tenant, to the fullest extent permitted by law, shall indemnify and save Landlord, and the State of New York and their agents, directors, officers and

employees (collectively, the "Indemnitees"), harmless from and against any and all liabilities, suits, obligations, fines, damages, penalties, claims, costs, charges and expenses, including, without limitation, engineers', architects' and attorneys' fees and disbursements, which may be imposed upon or incurred by or asserted against any of the Indemnitees by reason of (i) any act or omission of any student while such student is on the Premises, or (ii) any act or omission of any invitee, licensee, or any employee, agent or contractor of Tenant, upon the Premises, or (iii) Tenant knowingly permitting any act or omission of any invitee, licensee, or any employee, agent, contractor or student elsewhere in the Project Area, or by reason of any of the following occurring during the Term, except to the extent that the same shall have been caused in whole or in part by the negligence or wrongful act of any of the Indemnitees:

(a) any work or thing done in or on the Premises or any part thereof;

(b) any use, non-use, possession, occupation, alteration, repair, condition, operation, maintenance or management of the Premises or any part thereof or of any street, alley, sidewalk, curb, vault, passageway or space comprising a part of the Premises or adjacent thereto, provided such indemnity with regard to streets, alleys, sidewalks, curbs, vaults, passageways and other space is limited to an alteration, repair, condition, or maintenance of any street, alley, sidewalk, curb, vault, passageway or other space done or performed by Tenant or any agent, contractor, servant or employee of Tenant or which Tenant is obligated to do or perform;

(c) any negligent or tortious act or failure to act (or act which is alleged to be negligent or tortious) within the Project Area on the part of Tenant or any agent, contractor, servant or employee of Tenant;

(d) any accident, injury (including death at any time resulting therefrom) or damage to any Person or property occurring in or on the Premises or any part thereof or in, or on about any sidewalk or vault;

(e) any failure on the part of Tenant to perform or comply with any of the covenants, agreements, terms or conditions contained in this Lease on its part to be performed or complied with;

(f) any lien or claim which may have arisen out of any act of Tenant or any agent, contractor, servant or employee

of Tenant against or on the Premises or any other portion of the Project Area, or any lien or claim created or permitted to be created by Tenant in respect of the Premises against any assets of, or funds appropriated to any of the Indemnitees under the laws of the State of New York or of any other Governmental Authority or any liability which may be asserted against any of the Indemnitees with respect thereto;

(g) any failure on the part of Tenant to keep, observe and perform any of the terms, covenants, agreements, provisions, conditions or limitations contained in the Construction Agreements or other contracts and agreements affecting the Premises, on Tenant's part to be kept, observed or performed;

(h) any tax attributable to the execution, delivery or recording of this Lease other than any real property transfer gains tax or other transfer tax which may be imposed on Landlord; or

(i) any contest by Tenant permitted pursuant to the provisions of this Lease, including, without limitation, Articles 4, 13 and 26 hereof.

Section 18.02. The obligations of Tenant under this Article 18 shall not be affected in any way by the absence in any case of covering insurance or by the failure or refusal of any insurance carrier to perform any obligation on its part under insurance policies affecting the Premises.

Section 18.03. If any claim, action or proceeding is made or brought against any of the Indemnitees by reason of any event for which Tenant has agreed to indemnify the Indemnities in Section 18.01, then, upon prompt notice, Tenant shall resist or defend such claim, action or proceeding (in such Indemnitee's name, if necessary) by the attorneys for Tenant's insurance carrier (if such claim, action or proceeding is covered by insurance maintained by Tenant) or (in all other instances) by such attorneys as Tenant shall select, and Landlord shall approve, which approval shall be deemed given if such counsel is the Corporation Counsel of New York City. In such event, Tenant shall control all decisions in respect of the litigation and settlement of such claims. In the event such claim, action or proceeding is covered by insurance and Tenant's insurer refuses to pay all or any portion of the fees and disbursements of any attorneys separately retained by Landlord, Landlord shall pay such fees and disbursements or such portion as shall not be paid by Tenant's insurer. The indemnification obligations imposed upon Tenant under Section 18.01 shall not apply to any settlement separately agreed to by Landlord without the consent of the Corporation Counsel of New York City.

Section 18.04. The provisions of this Article 18 shall survive the Expiration Date with respect to actions or the failure to take any actions or any other matter arising prior to the Expiration Date.

ARTICLE 19

RIGHT OF INSPECTION, ETC.

Section 19.01. Tenant shall permit Landlord and its agents or representatives to enter the Premises at all reasonable times and upon reasonable notice (except in cases of emergency, in which event Landlord shall reasonably attempt to notify Tenant prior to such entry) for the purpose of (a) inspecting the same, (b) determining whether or not Tenant is in compliance with its obligations hereunder, (c) constructing, maintaining and inspecting the North Esplanade, and (d) making any necessary repairs to the Premises and performing any work therein that may be necessary by reason of Tenant's failure to make any such repairs or perform any such work, provided that, except in any emergency (in which event Tenant shall have thirty (30) days within which to perform repairs), Landlord shall have given Tenant notice specifying such repairs or work and Tenant shall have failed to make such repairs or to do such work within one hundred eighty (180) days after the giving of such notice (subject to Unavoidable Delays), or if such repairs or such work cannot reasonably be completed during such one hundred eighty (180) day period, to have commenced and be diligently pursuing the same (subject to Unavoidable Delays).

Section 19.02. Nothing in this Article 19 or elsewhere in this Lease shall imply any duty upon the part of Landlord to do any work required to be performed by Tenant hereunder and performance of any such work by Landlord shall not constitute a waiver of Tenant's default in failing to perform the same. Landlord, during the progress of any such work, may keep and store at the Premises all necessary materials, tools, supplies and equipment. Landlord shall not be liable for inconvenience, annoyance, disturbance, loss of business or other damage of Tenant by reason of making such repairs or the performance of any such work, or on account of bringing materials, tools, supplies and equipment into the Premises during the course thereof and the obligations of Tenant under this Lease shall not be affected thereby. To the extent that Landlord undertakes such work or repairs, such work or repairs shall be commenced and completed in a good and workmanlike manner, and with reasonable diligence, subject to Unavoidable Delays, and in such a manner as not to unreasonably interfere with the conduct of the School.

ARTICLE 20

LANDLORD'S RIGHT TO PERFORM TENANT'S COVENANTS

Section 20.01. Landlord, without waiving or releasing Tenant from any obligation of Tenant contained in this Lease, may (but shall be under no obligation to) perform any obligation required to be performed by Tenant hereunder on Tenant's behalf after expiration of any applicable notice and grace periods.

Section 20.02. All reasonable sums paid by Landlord and all reasonable costs and expenses incurred by Landlord in connection with its performance of any obligation pursuant to Section 20.01, together with interest thereon at the Involuntary Rate from the respective dates of Landlord's making of each such payment or incurring of each such sum, cost, expense, charge, payment or deposit until the date of actual repayment to Landlord, shall be paid by Tenant to Landlord within ten (10) days after demand. Any payment or performance by Landlord pursuant to Section 20.01 shall not be nor be deemed to be a waiver or release of breach or Default of Tenant with respect thereto or of the right of Landlord to terminate this Lease, institute summary proceedings or take such other action as may be permissible hereunder if an Event of Default by Tenant shall have occurred. Landlord shall not be limited in the proof of any damages which Landlord may claim against Tenant arising out of or by reason of Tenant's failure to provide and keep insurance in force as aforesaid to the amount of the insurance premium or premiums not paid, but Landlord also shall be entitled to recover, as damages for such breach, the uninsured amount of any loss and damage and the reasonable costs and expenses of suit, including, without limitation, reasonable attorneys' fees and disbursements, suffered or incurred by reason of damage to or destruction of the Premises.

ARTICLE 21

NO ABATEMENT OF RENTAL

Except as may be otherwise expressly provided herein, there shall be no abatement, off-set, diminution or reduction of Rental payable by Tenant hereunder or of the other obligations of Tenant hereunder under any circumstances.

ARTICLE 22

PERMITTED USE; NO UNLAWFUL OCCUPANCY

Section 22.01. Subject to the provisions of law and this Lease, Tenant shall occupy the Premises as a public school in accordance with the Certificate or Certificates of Occupancy for the Premises, the Master Development Plan and the Design Guidelines, and for no other use or purposes except as specified in this Lease. Landlord and Tenant recognize the School is a special science High School and the normal and reasonable use of the Premises as a special science High School will result in noise and conduct consistent with such use.

Section 22.02. Tenant shall not use or occupy, nor permit or suffer the Premises or any part thereof to be used or occupied for any unlawful or illegal business, use or purpose, or in such manner as to constitute a nuisance of any kind (public or private) by reason of odors, fumes, dust, smoke, noise or other pollution, or for any purpose or in any way in violation of the Certificates of Occupancy or of any governmental laws, ordinances, requirements, orders, directions, rules or regulations, or which may make void or voidable any insurance then in force on the Premises or, without Landlord's consent, for any use which requires a variance, waiver or special permit under the Zoning Resolution of New York City as then in effect. Tenant shall take, immediately upon the discovery of any such unpermitted, unlawful, illegal or extra hazardous use, all necessary actions, legal and equitable, to compel the discontinuance of such use. All reasonable sums paid by Landlord and all reasonable costs and expenses incurred by Landlord acting pursuant to Article 20 (including, but not limited to, reasonable attorneys' fees and disbursements), together with interest thereon at the Involuntary Rate from the respective dates of Landlord's making of each such payment or incurring of each such cost, expense or charge until the date of receipt of repayment by Landlord, shall be paid by Tenant to Landlord within ten (10) days after demand and shall constitute Rental under this Lease.

Section 22.03. Tenant shall not knowingly suffer or permit the Premises or any portion thereof to be used by the public in such manner as might reasonably tend to impair title to the Premises or any portion thereof, or in such manner as might reasonably make possible a claim or claims of adverse usage or adverse possession by the public, as such, or of implied dedication of the Premises or any portion thereof.

ARTICLE 23

EVENTS OF DEFAULT; CONDITIONAL LIMITATIONS,
REMEDIES, ETC.

Section 23.01. Each of the following events shall be an "Event of Default" hereunder:

(a) if Tenant shall fail to pay any installment of Rental other than Base Rent, or any part thereof, when the same shall become due and payable and such failure shall continue for thirty (30) days after notice from Landlord to Tenant;

(b) if Tenant shall fail to observe or perform one or more of the other terms, conditions, covenants or agreements contained in this Lease and such failure shall continue for a period of thirty (30) days (or such longer period as shall be expressly provided in this Lease) after notice thereof by Landlord to Tenant specifying such failure (unless such failure requires work to be performed, acts to be done, or conditions to be removed which cannot by their nature or because of Unavoidable Delays reasonably be performed, done or removed, as the case may be, within such thirty (30) day period (or such longer period as shall be expressly provided in this Lease), in which case no Event of Default shall be deemed to exist as long as Tenant shall have commenced curing the same within such thirty (30) day period and shall, subject to Unavoidable Delays, diligently and continuously prosecute the same to completion);

(c) if Tenant shall abandon the Premises;

(d) if this Lease or the estate of Tenant hereunder shall be assigned, subleased, transferred, mortgaged or encumbered without Landlord's approval;

(e) if a levy under execution or attachment shall be made against the Premises and such execution or attachment shall not be vacated or removed by court order, bonding or otherwise within a period of thirty (30) days; or

(f) if the Development Agreement shall be terminated.

Section 23.02. If an Event of Default shall occur, Landlord may proceed by appropriate judicial proceedings, either at law or in equity, to enforce performance or observance by Tenant of the applicable provisions of this Lease and/or to recover damages for breach thereof.

Section 23.03.

(a) If any Event of Default shall occur and Landlord, at any time thereafter, at its option, gives notice to Tenant stating that this Lease and the Term shall expire and terminate on the date specified in such notice, which date shall be not less than ten (10) days after the date of such notice, and if, on a date specified in such notice, Tenant shall have failed to cure the Default which was the basis for the Event of Default, then this Lease and the Term and all rights of Tenant under this Lease shall expire and terminate as of the date on which the Event of Default described above occurred or the date specified in the notice given pursuant to this Section 23.03(a), as if the same were the date herein definitely fixed for the expiration of the Term and Tenant immediately shall quit and surrender the Premises.

(b) If this Lease shall be terminated as provided in Section 23.03(a), Landlord, without notice, may re-enter and repossess the Premises without being liable to indictment, prosecution or damages therefor and may dispossess Tenant by summary proceedings or otherwise.

Section 23.04. If this Lease shall be terminated as provided in Section 23.03(a) or Tenant shall be dispossessed by summary proceedings or otherwise as provided in Section 23.03(b) hereof:

(a) Tenant shall pay to Landlord all Rental payable by Tenant under this Lease to the date upon which this Lease and the Term shall have expired and come to an end or to the date of re-entry upon the Premises by Landlord, as the case may be; and

(b) Landlord may complete all obligations of Tenant and receive payment therefor in accordance with this Lease and may repair and alter the Premises in such manner as Landlord may deem necessary or advisable (and may apply to the foregoing all funds, if any, then held by Landlord pursuant to Articles 6, 7, or 8) without relieving Tenant of any liability-under this Lease or otherwise affecting any such liability, and/or let or relet the Premises or any parts thereof for the whole or any part of the remainder of the Term or for a longer period, in Landlord's name or as agent of Tenant, and out of any rent and other sums collected or received as a result of such reletting Landlord shall: (i) first, pay to itself the reasonable cost and expense of terminating this Lease, re-entering, retaking, repossessing, completing construction and repairing or altering the Premises, or any part thereof, and the cost and expense of removing all persons and property

therefrom, including in such costs brokerage commissions, legal expenses and reasonable attorneys' fees and disbursements, (ii) second, pay to itself the reasonable cost and expense sustained in securing any new tenants and other occupants, including in such costs brokerage commissions, legal expenses and reasonable attorneys' fees and disbursements and other expenses of preparing the Premises for reletting, and, if Landlord shall maintain and operate the Premises, the reasonable cost and expense of operating and maintaining the Premises, and (iii) third, pay to itself any balance remaining on account of the liability of Tenant to Landlord; Landlord in no way shall be responsible or liable for any failure to relet the premises or any part thereof, or for any failure to collect any rent due on any such reletting, and no such failure to relet or to collect rent shall operate to relieve Tenant of any liability under this Lease or to otherwise affect any such liability.

Section 23.05. No termination of this Lease pursuant to Section 23.03(a) or taking possession of or reletting the Premises, or any part thereof, pursuant to Sections 23.03(b) and 23.04(b), shall relieve Tenant of its liabilities and obligations hereunder, all of which shall survive such expiration, termination, repossession or reletting.

Section 23.06. Suit or suits for the recovery of damages, or for a sum equal to any installment or installments of Rental payable hereunder or other sums payable by Tenant to Landlord pursuant to this Article 23, may be brought by Landlord from time to time at Landlord's election, and nothing herein contained shall be deemed to require Landlord to await the date whereon this Lease or the Term would have expired had there been no Event of Default by Tenant and termination.

Section 23.07. No receipt of moneys by Landlord from Tenant after the termination of this Lease, or after the giving of any notice of the termination of this Lease (unless such receipt cures the Event of Default which was the basis for the notice), shall reinstate, continue or extend the Term or affect any notice theretofore given to Tenant, or operate as a waiver of the right of Landlord to enforce the payment of Rental payable by Tenant hereunder or thereafter falling due, or operate as a waiver of the right of Landlord to recover possession of the Premises by proper remedy, except as herein otherwise expressly provided, it being agreed that after the service of notice to terminate this Lease or the commencement of any suit or summary proceedings, or after a final order or judgment for the possession of the Premises, Landlord may demand, receive and collect any moneys due or thereafter falling due without in any manner affecting such notice, proceeding, order, suit or judgment, all such moneys collected

being deemed payments on account of the use and operation of the Premises or, at the election of Landlord, on account of Tenant's liability hereunder.

Section 23.08. Except as otherwise expressly provided herein or as prohibited by applicable law, Landlord and Tenant waive and shall waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other on any matter whatsoever arising out of or in any way connected with this Lease, the relationship of Landlord and Tenant, Tenant's use or occupancy of the Premises, or any claim of injury or damage. The terms "enter", "re-enter", "entry" or "re-entry", as used in this Lease are not restricted to their technical legal meaning.

Section 23.09. No failure by Landlord or any prior Landlord to insist upon the strict performance of any covenant, agreement, term or condition of this Lease or to exercise any right or remedy consequent upon a breach thereof, and no acceptance of full or partial Rental during the continuance of any such breach, shall constitute a waiver of any such breach or of such covenant, agreement, term or condition. No covenant, agreement, term or condition of this Lease to be performed or complied with by Tenant, and no breach thereof, shall be waived, altered or modified except by a written instrument executed by Landlord. No waiver of any breach shall affect or alter this Lease, but each and every covenant, agreement, term and condition of this Lease still continue in full force and effect with respect to any other than existing or subsequent breach thereof.

Section 23.10. In the event of any breach or threatened breach by Tenant of any of the covenants, agreements, terms or conditions contained in this Lease, Landlord shall be entitled to enjoin such breach or threatened breach and shall have the right to invoke any rights and remedies allowed at law or in equity or by statute or otherwise as though re-entry, summary proceedings, and other remedies were not provided for in this Lease. To the extent permitted by law, Tenant waives any requirement for the posting of bonds or other security in any such action.

Section 23.11. Each right and remedy of Landlord provided for in this Lease shall be cumulative and shall be in addition to every other right or remedy provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise, and the exercise or beginning of the exercise by Landlord of any one or more of the rights or remedies provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise shall

not preclude the simultaneous or later exercise by Landlord of any or all other rights or remedies provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise.

Section 23.12. Tenant shall pay to Landlord all reasonable costs and expenses, including, without limitation, reasonable attorneys' fees and disbursements, incurred by Landlord in any action or proceeding to which Landlord may be made a party by reason of any act or omission of Tenant. Tenant also shall pay to Landlord all reasonable costs and expenses, including, without limitation, reasonable attorneys' fees and disbursements, incurred by Landlord in enforcing any of the covenants and provisions of this Lease and incurred in any action brought by Landlord against Tenant on account of the provisions hereof, if and to the extent that Landlord shall prevail in any such action and all such costs, expenses, and reasonable attorneys' fees and disbursements may be included in and form a part of any judgment entered in any proceeding brought by Landlord against Tenant on or under this Lease. All of the sums paid or obligations incurred by Landlord as aforesaid, with interest at the Involuntary Rate, shall be paid by Tenant to Landlord within thirty (30) days after demand by Landlord.

ARTICLE 24

NOTICES

Section 24.01. Whenever it is provided in this Lease that a notice, demand, request, consent, approval or other communication shall or may be given to or served upon either of the parties by the other, and whenever either of the parties shall desire to give or serve upon the other any notice, demand, request, consent, approval, or other communication with respect hereto or the Premises, each such notice, demand, request, consent, approval, or other communication shall be in writing and, any law or statute to the contrary notwithstanding, shall be effective for any purpose if given or served as follows:

(a) if by Landlord, by delivery or by mailing the same to Tenant by registered or certified mail, postage prepaid, return receipt requested, addressed to Tenant at 110 Livingston Street; Brooklyn, New York 11201, Attention: Secretary, Board of Education, with a copy thereof to Executive Director, Division of School Buildings, 28-11 Bridge Plaza North, Long Island City, New York 11101 or to such other address(es) and attorneys as Tenant may from time to time designate by notice given to Landlord as aforesaid; and

(b) if by Tenant, by delivering or by mailing the same to Landlord by registered or certified mail, postage prepaid, return receipt requested, addressed to Landlord at One World Financial Center, New York, New York 10281, Att: President, or to such other address as Landlord may from time to time designate by notice given to Tenant as aforesaid (with a copy, given in the manner provided above, addressed to the attention of Landlord's General Counsel, at the address set forth above or at such other address as Landlord may from time to time designate by notice to Tenant as aforesaid).

Section 24.02. Every notice, demand, request, consent, approval, or other communication hereunder shall be deemed to have been given or served when delivered, or if mailed in the United States mails, postage prepaid, in the manner aforesaid (except that a notice designating the name or address of a person to whom any notice or other communication, or copy thereof, shall be sent shall be deemed to have been given when same is received) upon receipt.

ARTICLE 25

CIVIC AND COMMUNITY FACILITIES

Section 25.01.

The North Esplanade and North Park shall be available for public use and use by Tenant or students for organized activities or during school hours only at such time and in such manner as shall be determined by Landlord from time to time. Notwithstanding the foregoing, there shall be no use of the North Park for team sports organized by Tenant or the School.

Section 25.02.

The School shall contain at least two gymnasiums, a swimming pool, an auditorium and public locker space with changing rooms (the "Community Facilities") which shall be made available by Tenant to the public as provided in this Section 25.02. The Community Facilities shall be open to the public between the hours of 7:00 P.M. and 10:00 P.M. Monday through Friday and for not less than eight (8) hours on each Saturday and Sunday. At Landlord's option, Landlord shall coordinate the manner in which the Community Facilities are used by community groups and individuals and shall be responsible for programming and scheduling activities to be conducted in the Community Facilities. Tenant shall operate and maintain the Community Facilities for the benefit of the public. Tenant shall pay for, and shall not levy any charges or fees in

connection with, the maintenance, operation and use of the Community Facilities, except that Tenant may require that a reasonable charge for security and supervision be paid by users of the Community Facilities. Landlord may, at its option, pay for, or coordinate the payment of, such charges.

ARTICLE 26

STREET WIDENING

If at any time during the Term any proceedings are instituted or orders made by any Governmental Authority (other than Landlord acting solely in its capacity as Landlord and not as a Governmental Authority) for the widening or other enlargement of any street contiguous to the Premises requiring removal of any projection or encroachment on, under or above any such street, or any changes or alterations upon the Premises, or in the sidewalks, vaults (other than vaults which are under the control of, or are maintained or repaired by, a utility company), gutters, curbs or appurtenances, Tenant, with reasonable diligence (subject to Unavoidable Delays) shall comply with such requirements, and on Tenant's failure to do so, Landlord may comply with the same in accordance with the provisions of Article 20. Tenant shall be permitted to contest in good faith any proceeding or order for street widening instituted or made by any Governmental Authority. In no event shall Tenant permit Landlord to become liable for any civil or criminal liability or penalty as a result of Tenant's failure to comply with reasonable diligence (subject to Unavoidable Delays) with any of the foregoing orders. Any widening or other enlargement of any such street and the award or damages in respect thereto shall be deemed a partial condemnation and be subject to the provisions of Article 8.

ARTICLE 27

SUBORDINATION; ATTORNMENT

Section 27.01. Landlord's interest in this Lease, as this Lease may be modified, amended or supplemented, shall not be subject or subordinate to (a) any mortgage now or hereafter placed upon Tenant's interest in this Lease or (b) any other liens or encumbrances hereafter affecting Tenant's interest in this Lease.

Section 27.02. If by reason of (a) a default under the Master Lease, or (b) a termination of the Master Lease pursuant to the terms of the Settlement Agreement, such Master Lease and the leasehold estate of Landlord in the Premises demised hereby are terminated, Tenant will attorn to the then holder of the reversionary interest in the Premises demised by this Lease and will recognize such holder as Tenant's Landlord under this Lease. Tenant shall execute and deliver, at any time and from time to time, upon the request of the Landlord or of the Master Landlord any further instrument which may be reasonably necessary or appropriate to evidence such attornment. Tenant waives the provision of any statute or rule of law now or hereafter in effect which may give or purport to give Tenant any right of election to terminate this Lease or to surrender possession of the Premises in the event any proceeding is brought by the Master Landlord to terminate the same, and agrees that this Lease shall not be affected in any way whatsoever by any such proceeding.

ARTICLE 28

EXCAVATIONS AND SHORING

If any excavation shall be made or contemplated to be made for construction or other purposes upon property adjacent to the Premises, Tenant shall afford to Landlord or, at Landlord's option, to the person or persons causing or authorized to cause such excavation the right upon thirty (30) days prior written notice to enter upon the Premises in a reasonable manner for the purpose of doing such work as may be necessary, without expense to Tenant, to preserve any of the walls or structures of the Buildings from injury or damage and to support the same by proper foundations, provided that (i) such work shall be done promptly, in a good and workmanlike manner and subject to all applicable Requirements, (ii) Tenant shall have an opportunity to review all available data relative to such excavation and have its representatives present during all such work and (iii) Tenant shall be indemnified by Landlord in the event Landlord performs such excavation, or such other person performing such excavation, as the case may be, against any injury or damage to the Buildings or persons or property therein which may result from any such work, but shall not have any claim against Landlord for suspension, diminution, abatement, offset or reduction of Rental payable by Tenant hereunder.

ARTICLE 29

CERTIFICATES BY LANDLORD AND TENANT

Section 29.01. At any time and from time to time upon not less than ten (10) days notice by Landlord, Tenant shall execute, acknowledge and deliver to Landlord or any other party specified by Landlord a statement certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same, as modified, is in full force and effect and stating the modifications) and the date to which each obligation constituting Rental has been paid, and stating whether or not to the best knowledge of Tenant, Landlord is in default in performance of any covenant, agreement or condition contained in this Lease, and, if so, specifying each such default of which Tenant may have knowledge.

Section 29.02. At any time and from time to time upon not less than ten (10) days notice by Tenant, Landlord shall execute, acknowledge and deliver to Tenant or any other party specified by Tenant a statement certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same, as modified, is in full force and effect and stating the modifications) and the date to which each obligation constituting Rental has been paid, and stating whether or not to the best knowledge of Landlord, Tenant is in Default in the performance of any covenant, agreement or condition contained in this Lease, and, if so, specifying each such Default of which Landlord may have knowledge.

ARTICLE 30

CONSENTS AND APPROVALS

Section 30.01. All consents and approvals which may be given under this Lease shall, as a condition of their effectiveness, be in writing. The granting of any consent or approval by a party to perform any act requiring consent or approval under the terms of this Lease, or the failure on the part of a party to object to any such action taken without the required consent or approval, shall not be deemed a waiver by the party whose consent was required of its right to require such consent or approval for any further similar act.

Section 30.02. If, pursuant to the terms of this Lease, any consent or approval by Landlord or Tenant is not to be unreasonably withheld or is subject to a specified standard,

then (i) unless expressly provided otherwise in this Lease, if the party who is to give its consent or approval shall not have notified the other party within thirty (30) Business Days or such other period as expressly specified in this Lease after receiving such other party's request for a consent or approval that such consent or approval is granted or denied, and if denied, the reasons therefor in reasonable detail, such consent or approval shall be deemed granted, and (ii) if upon notice that a consent or approval is denied, the notified party contests such denial in accordance with this Lease and a final determination that the consent or approval was unreasonably withheld or that such specified standard has been met so that the consent or approval should have been granted, the consent or approval shall be deemed granted and such granting of the consent or approval shall be the only remedy to the party requesting or requiring the consent or approval.

Section 30.03. If, pursuant to the terms of this Lease, any consent or approval by Landlord or Tenant is not to be unreasonably withheld, such consent or approval shall, in addition, not be unreasonably delayed.

Section 30.04. Except as specifically provided herein, no fees or charges of any kind or amount shall be required by either party hereto as a condition of the grant of any consent or approval which may be required under this Lease.

ARTICLE 31

OPTION TO RENEW AND SURRENDER AT END OF TERM

Section 31.01. On the last day of the Term or upon any earlier termination of this Lease, or upon a re-entry by Landlord upon the Premises pursuant to Article 23 hereof, Tenant shall well and truly surrender and deliver up to Landlord the Premises in good order, condition and repair, reasonable wear and tear excepted, free and clear of all lettings, occupancies, liens and encumbrances other than those, if any, existing at the date hereof, created by or consented to by Landlord or which lettings and occupancies by their express terms and conditions extend beyond the Expiration Date and which Landlord shall have consented and agreed, in writing, may extend beyond the Expiration Date, without any payment or allowance whatever by Landlord. Tenant hereby waives any notice now or hereafter required by law with respect to vacating the Premises on any such termination date.

Section 31.02. On the last day of the Term or upon any earlier termination of the Lease, or upon a re-entry by Landlord upon the Premises pursuant to Article 23 hereof, Tenant shall deliver to Landlord any service and maintenance contracts then affecting the Premises, true and complete maintenance records for the Premises, all original licenses and permits then pertaining to the Premises, permanent or temporary Certificates of Occupancy then in effect for the Buildings, and all warranties and guarantees then in effect which Tenant has received in connection with any work or services performed or Equipment installed in the Buildings, together with a duly executed assignment thereof to Landlord, and any and all other documents of every kind and nature whatsoever relating to the construction, management and operation of the Premises.

Section 31.03. Any personal property of Tenant which shall remain on the Premises for thirty (30) days after the termination of this Lease and after the removal of Tenant from the Premises, may, at the option of Landlord, be deemed to have been abandoned by Tenant and either may be retained by Landlord as its property or be disposed of, without accountability, in such manner as Landlord may see fit. Landlord shall not be responsible for any loss or damage occurring to any such property owned by Tenant.

Section 31.04. In the event that at any time during the Term of this Lease the term of the Master Lease shall be renewed or extended, Tenant shall have the option to extend the term of this Lease for an equivalent period of time less one (1) day. In the event the City of New York shall become the fee owner of the Project Area upon the expiration of the Master Lease, Tenant shall not be required to surrender and deliver up the Premises.

Section 31.05. The provisions of this Article 31 shall survive any termination of this Lease.

ARTICLE 32

ENTIRE AGREEMENT

This Lease, together with the Exhibits hereto, and the Development Agreement contain all the promises, agreements, conditions, inducements and understandings between Landlord and Tenant relative to the Premises and there are no promises, agreements, conditions, understandings, inducements, warranties, or representations, oral or written, expressed or implied, between them other than as herein or therein set forth and other than as may be expressly contained in any written agreement between the parties executed simultaneously herewith.

ARTICLE 33

QUIET ENJOYMENT

Landlord covenants that, so long as this Lease remains in full force and effect, Tenant shall and may, subject to the terms and conditions of this Lease, peaceably and quietly have, hold and enjoy the Premises for the term hereby granted without molestation or disturbance by or from Landlord or any Person claiming through Landlord and free of any encumbrance created or suffered by Landlord, except those encumbrances, liens or defects of title, created or suffered by Tenant and the Title Matters.

ARTICLE 34

ARBITRATION

In such cases where this Lease expressly provides for the settlement of a dispute or question by arbitration, and only in such cases, the party desiring arbitration shall appoint a disinterested person as arbitrator on its behalf and give notice thereof to the other party who shall, within thirty (30) days thereafter, appoint a second disinterested person as arbitrator on its behalf and give notice thereof to the first party. The two (2) arbitrators thus appointed shall together appoint a third disinterested person within thirty (30) days after the appointment of the second arbitrator, and said three (3) arbitrators shall, as promptly as possible, determine the matter which is the subject of the arbitration and the decision of the majority of them shall be conclusive and binding on all parties and judgment upon the award may be entered in any court having jurisdiction. If a party who shall have the right pursuant to the foregoing to appoint an arbitrator fails or neglects to do so, then and in such event, the other party (or if the two (2) arbitrators appointed by the parties shall fail to appoint a third arbitrator when required hereunder, then either party) may apply to the American Arbitration Association (or any organization successor thereto), or in its absence, refusal, failure or inability to act, may apply for a court appointment of such arbitrator. The arbitration shall be conducted in the City and County of New York and, to the extent applicable and consistent with this Article 34, shall be in accordance with the Commercial Arbitration Rules then obtaining of the American Arbitration Association or any successor body of similar function. The expenses of arbitration shall be shared equally by Landlord and Tenant but each party shall be

responsible for the fees and disbursements of its own attorneys and the expenses of its own proof. Landlord and Tenant shall sign all documents and to do all other things necessary to submit any such matter to arbitration and further shall, and hereby do, waive any and all rights they or either of them may at any time have to revoke their agreement hereunder to submit to arbitration and to abide by the decision rendered thereunder. The arbitrators shall have no power to vary or modify any of the provisions of this Lease and their jurisdiction is limited accordingly. If the arbitration concerns any Capital Improvement or Restoration, then each of the arbitrators shall be a licensed professional engineer or registered architect having at least ten (10) years' experience in the design of residential buildings, and, to the extent applicable and consistent with this Article 34, such arbitration shall be conducted in accordance with the Construction Arbitration Rules then obtaining of the American Arbitration Association or any successor body of similar function.

ARTICLE 35

EASEMENTS

Tenant agrees that Landlord and its designees (including, without limitation, New York City from and after any dedication of the Chambers Street Pedestrian Bridge) shall have and Landlord hereby expressly reserves (i) the right to construct, install, own, operate, maintain, repair, Restore, control and use on, over, under and through the Premises pipes, conduits, mains, lines, bridge supports, connections, staircases, escalators, elevators and other facilities which are part of the Chambers Street Pedestrian Bridge, and (ii) a nonexclusive easement and right-of-way for the passage of pedestrian traffic over and through the Chambers Street Pedestrian Bridge, and Tenant further acknowledges that Chambers Street Pedestrian Bridge shall be subject to public use. Notwithstanding the foregoing, Tenant reserves the right to specify the exact location of attachment of the Chambers Street Pedestrian Bridge and related facilities to the Buildings. Landlord may adjust the areas covered by the aforesaid easements to the extent that Landlord reasonably requires such adjustments, provided that such adjustments do not materially adversely affect Tenant's construction, use or operation of the Premises.

ARTICLE 36

INVALIDITY OF CERTAIN PROVISIONS

If any term or provision of this Lease or the application thereof to any Person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to Persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

ARTICLE 37

RECORDING OF MEMORANDUM

Either Landlord or Tenant may record this Lease or any amendment or modification of this Lease. Each shall, upon the request of the other, join in the execution of a memorandum of this Lease or a memorandum of any amendment or modification of this Lease in proper form for recordation.

ARTICLE 38

MISCELLANEOUS

Section 38.01. The captions of this Lease are for convenience of reference only and in no way define, limit or describe the scope or intent of this Lease or in any way affect this Lease.

çSection 38.02. The Table of Contents is for the purpose of convenience of reference only and is not to be deemed or construed in any way as part of this Lease or as supplemental thereto or amendatory thereof.

Section 38.03. The use herein of the neuter pronoun in any reference to Landlord or Tenant shall be deemed to include any individual Landlord or Tenant, and the use herein of the words "successors and assigns" or "successors or assigns" of Landlord or Tenant shall be deemed to include the heirs, legal representatives and assigns of any individual Landlord or Tenant.

Section 38.04. Depository may pay to itself out of the monies held by Depository pursuant to this Lease its reasonable charges for services rendered hereunder. Tenant shall pay Depository any additional charges for such services.

Section 38.05. The liability of Landlord or of any Person who has at any time acted as Landlord hereunder for damages or otherwise shall be limited to Landlord's interest in the Premises, including, without limitation, the rents and profits therefrom, the proceeds of any insurance policies covering or relating to the Premises, any awards payable in connection with any condemnation of the Premises or any part thereof, and any other rights, privileges, licenses, franchises, claims, causes of action or other interests, sums or receivables appurtenant to the Premises. Neither Landlord nor any such Person nor any of the members, directors, officers, employees, agents or servants or either shall have any liability (personal or otherwise) hereunder beyond Landlord's interest in the Premises, and no other property or assets of Landlord or any such Person or any of the members, directors, officers, employees, agents or servants of either shall be subject to levy, execution or other enforcement procedure for the satisfaction of Tenant's remedies hereunder.

Section 38.06. Except as otherwise expressly provided in this Lease, there shall be no merger of this Lease or the leasehold estate created hereby with the fee estate in the Premises or any part thereof by reason of the same Person acquiring or holding, directly or indirectly, this Lease or the leasehold estate created hereby or any interest in this Lease or in such leasehold estate as well as the fee estate in the Premises.

Section 38.07. Tenant shall store all refuse from the Premises off the streets in an enclosed area on the Premises, and in a manner reasonably satisfactory to Landlord and in accordance with the requirements of municipal and/or private sanitation services serving the Premises.

Section 38.08. This Lease may not be changed, modified, or terminated orally, but only by a written instrument of change, modification or termination executed by the party against whom enforcement of any change, modification, or termination is sought.

Section 38.09. This Lease shall be governed by and construed in accordance with the laws of the State of New York.

Section 38.10. The agreements, terms, covenants and conditions herein shall be binding upon, and shall inure to the benefit of, Landlord and Tenant and their respective successors and (except as otherwise provided herein) assigns.

Section 38.11. All references in this Lease to "Articles" or "Sections" shall refer to the designated Article(s) or Section(s), as the case may be, of this Lease.

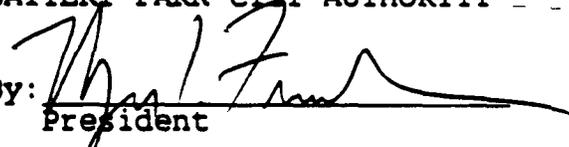
Section 38.12. All plans, drawings, specifications or models prepared in connection with any Restoration or Capital Improvement, in the possession of and available to Tenant, shall become the sole and absolute property of Landlord upon the Expiration Date or any earlier termination of this Lease. Tenant shall deliver all such documents to Landlord promptly upon the Expiration Date or any earlier termination of this Lease. Tenant's obligation under this Section 38.14 shall survive the Expiration Date.

Section 38.13. All references in this Lease to "licensed professional engineer", "licensed surveyor" or "registered architect" shall mean a professional engineer, surveyor or architect who is licensed or registered, as the case may be, by the State of New York.

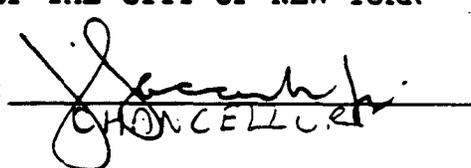
Section 38.14. Nothing herein is intended nor shall be deemed to create a joint venture or partnership between Landlord and Tenant, nor to make Landlord in any way responsible for the debts or losses of Tenant.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the day and year first above written.

BATTERY PARK CITY AUTHORITY

By: 
President

THE BOARD OF EDUCATION
OF THE CITY OF NEW YORK

By: 
CHANCELLOR

0002q

EXHIBIT A

DESCRIPTION OF
PARCEL 21B

Battery Park City Authority

All that certain plot, piece or parcel of land situate, lying and being in the Borough of Manhattan, City of New York and State of New York, and being a part of Battery Park City North, and more particularly bounded and described as follows:

COMMENCING at the intersection of the westerly line of West Street and the northerly line of Chambers Street;

1. thence westerly along the northerly line of Chambers Street, a distance of 191.94 feet to the westerly line of Marginal Street, Wharf or Place, being the POINT OF BEGINNING;
2. thence westerly along the northerly line of Chambers Street, a distance of 371.69 feet to the division line between Parcel 21B on the west, and Parcel 21A on the east;
3. thence northerly along said division line forming a deflection angle of 90[C] 00' 00" to the right from the preceding course, a distance of 119.76 feet to the division line between a Public Place on the north, and Parcel 21A on the south;
4. thence northeasterly along said division line forming a deflection angle of 69[C] 12' 30" to the right from the preceding course, a distance of 305.37 feet to the westerly line of Marginal Street, Wharf or Place;
5. thence southeasterly along said westerly line of Marginal Street forming a deflection angle of 90[C] 13' 54" to the right from the preceding course, a distance of 110.79 feet to a point;
6. thence continuing southeasterly along said westerly line of Marginal Street forming a deflection angle of 0[C] 20' 07" to the left from the preceding course, a distance of 64.69 feet to a point;

EXHIBIT A

DESCRIPTION OF
PARCEL 21B

Battery Park City Authority

All that certain plot, piece or parcel of land situate, lying and being in the Borough of Manhattan, City of New York and State of New York, and being a part of Battery Park City North, and more particularly bounded and described as follows:

COMMENCING at the intersection of the westerly line of West Street and the northerly line of Chambers Street;

1. thence westerly along the northerly line of Chambers Street, a distance of 191.94 feet to the westerly line of Marginal Street, Wharf or Place, being the POINT OF BEGINNING;
2. thence westerly along the northerly line of Chambers Street, a distance of 371.69 feet to the division line between Parcel 21B on the west, and Parcel 21A on the east;
3. thence northerly long said division line forming a deflection angle of 90[C] 00' 00" to the right from the preceding course, a distance of 119.76 feet to the division line between a Public Place on the north, and Parcel 21A on the south;
4. thence northeasterly along said division line forming a deflection angle of 69[C] 12' 30" to the right from the preceding course, a distance of 305.37 feet to the westerly line of Marginal Street, Wharf or Place;
5. thence southeasterly along said westerly line of Marginal Street forming a deflection angle of 90[C] 13' 54" to the right from the preceding course, a distance of 110.79 feet to a point;
6. thence continuing southeasterly along said westerly line of Marginal Street forming a deflection angle of 0[C] 20' 07" to the left from the preceding course, a distance of 64.69 feet to a point;

7. thence continuing southeasterly along said westerly line of Marginal Street forming a deflection angle of 0[C] 10' 18" to the right from the preceding course, a distance of 68.23 feet to the point of beginning, containing 59,473 square feet or 1.365 acres more or less.

Subject to a 15' sidewalk easement described as follows:

1. BEGINNING at the intersection of the westerly line of Marginal Street, Wharf or Place, and the northerly line of Chambers Street;
2. thence westerly along the northerly line of Chambers Street, a distance of 16.04 feet to a point;
3. thence passing through Parcel 21A the following three (3) courses and distances: (1) northwesterly forming a deflection angle of 69[C] 16' 35" to the right, a distance of 62.53 feet;
4. (2) northwesterly forming a deflection angle of 0[C] 10' 18" to the left, a distance of 64.91 feet;
5. (3) northwesterly forming a deflection angle of 0[C] 20' 07" to the right, a distance of 110.79 feet to the division line between a Public Place on the north, and Parcel 21A on the south;
6. thence northeasterly along said division line forming a deflection angle of 89[C] 46' 06" to the right, a distance of 15.00 feet to the westerly line of Marginal Street, Wharf or Place;
7. thence southeasterly along said westerly line of Marginal Street the following three (3) courses and distances: (1) southeasterly forming a deflection angle of 90[C] 13' 54" to the right, a distance of 110.79 feet;
8. (2) southeasterly forming a deflection angle of 0[C] 10' 18" to the right, a distance of 68.23 feet to the point of beginning.

0002g

EXHIBIT B

TITLE MATTERS

1. Terms, covenants and conditions of the Master Lease.
2. The Settlement Agreement.
3. Memorandum of Understanding, dated as of 11/8/79, among the Governor of the State of New York, the Mayor of The City of New York and the President and the Chief Executive Officer of UDC and Landlord, as supplemented by letter, dated 11/8/79, from the President and Chief Executive Officer of UDC and Landlord to the Mayor of The City of New York and as further supplemented by a memorandum of understanding, dated as of August 15, 1986, among the Governor of the State of New York, the Mayor of the City of New York and the President of Battery Park City Authority.
4. Option to Purchase, dated as of 6/6/80, among UDC, BPC Development Corporation, Landlord and The City of New York, recorded 6/11/80, in Reel 527 Page 153, in the Office of the Register of New York City (New York County) as amended by Amendment to Option to Purchase made between Battery Park City Authority and The City of New York dated as of 8/15/86 and recorded on 10/22/86 in Reel 1133 Page 582.
5. Easement Agreement between Port Authority of New York and New Jersey Port Authority Trans-Hudson Corporation and Battery Park City Authority, recorded 10/27/81 in Reel 589 Page 868, as amended by amendment dated 2/8/83 and

Amendment to easement between Port Authority of New York and New Jersey, Port Authority Trans-Hudson Corporation, BPC Development Corporation and Battery Park City Authority dated 2/8/82, recorded 2/3/84 in Reel 762 Page 45 and

Second Amendment to easement between Port Authority of New York and New Jersey, Port Authority Trans-Hudson Corporation and Battery Park City Authority dated 1/20/84, recorded 2/3/84 in Reel 762 Page 65 and

Agreement between Port Authority of New York and New Jersey, Port Authority Trans-Hudson Corporation, Battery Park City Authority, Olympia a York Battery Park Company and Olympia & York Tower B Company dated 1/20/84, recorded 2/3/84 in Reel 762 Page 52.

6. Sewer Easement designated as S.E. #8 in the Declaration of Easements made by BPC Development Corporation, Battery Park City Authority and The City of New York, dated 5/18/82, recorded 10/15/82 in Reel 644 Page 480.
7. Declaration of restrictions dated 6/15/83 made by Battery Park City Authority recorded on 6/20/83 in Reel 696 Page 551.
8. Rights of the Federal Government to enter upon and take possession without compensation of lands now or formerly lying below the high water mark of the Hudson River.
9. Agreement between The City of New York, Battery Park City Authority and the Port of New York Authority, dated 6/18/70, recorded 10/29/75 in Reel 354 Page 650.
10. Agreement dated 6/6/67, recorded in Reel 243 Page 351, as supplemented by agreement dated 6/21/67 recited in Reel 354 Page 650.
11. Agreement between The City of New York and Battery Park City Authority dated 9/12/78, recorded 10/30/78 in Reel 458 Page 536. (Affects streets only.)
12. Reservations contained in deed from BPC Development Corporation and Battery Park City Authority recorded in Reel 644 Page 467.
13. Agreement among BPC Development Corporation, Battery Park City Authority and The City of New York, dated 4/23/82, recorded 10/27/82 in Reel 646 Page 700.
14. Declaration of zoning Lot and Development Restrictions made by BPC Development Corporation and Battery Park City Authority, recorded in Reel 648 Page 276.
15.
 - a. Declaration of Easement among BPC Development Corporation, Battery Park City Authority and The City of New York, recorded on 10/15/82 in Reel 644 Page 480.
 - b. Declaration of Easement by Battery Park City Authority recorded in Reel 778 Page 44.
16. Declarations of Restrictions dated 6/15/83 made by Battery Park City Authority recorded on 6/20/83 in Reel 696 Page 551 and Reel 776 Page 360.

17. Maintenance, Services access and Sewer easement affecting described premises.
18. Any state of facts an accurate survey or visual inspection would reveal.
19. Zoning and other laws, ordinances, governmental regulations, orders and requirements pertaining to the premises or this transaction.

0002g

EXHIBIT C

THIS INDENTURE made as of the _____ day of _____, 198____ between BATTERY PARK CITY AUTHORITY ("Grantor"), a body corporate and politic constituting a public benefit corporation of the State of New York having an office at One World Financial Center, New York, New York 10281, and THE BOARD OF EDUCATION OF THE CITY OF NEW YORK ("Grantor"), a _____ having an office at 110 Livingston Street, Brooklyn, New York 11201.

WITNESSETH, that Grantor in consideration of Ten (\$10.00) Dollars and other good and valuable consideration paid by Grantee, does hereby grant and release unto Grantee, its successors and assigns forever,

An estate on limitation in and to the buildings and other improvements existing on the date hereof on that certain real property described in Exhibit A hereto, said estate on limitation to continue until the expiration or earlier termination of that certain lease dated _____, 1987, between Grantor, as landlord, and Grantee, as tenant, a memorandum of which was recorded on _____, 1987 in the Office of the City Register, New York County, in Reel _____ at page _____.

TOGETHER with all and singular the tenements, hereditaments, easements, rights-of-way, rights, privileges and appurtenances thereunto belonging to in any wise appertaining to the rents, issues and profits thereof;

TO HAVE AND TO HOLD the premises herein granted unto Grantee and its successors and assigns forever, subject to the limitation aforesaid.

AND, Grantor, in compliance with Section 13 of the Lien Law, covenants that Grantor will receive the consideration for this conveyance and will hold the right to receive such consideration as a trust fund to be applied first for the purpose of paying the cost of the improvement and will apply the same first to the payment of the cost of the improvement before using any part of the total of the same for any other purpose.

IN WITNESS WHEREOF, Grantor has executed this Indenture the day and year first above written.

BATTERY PARK CITY AUTHORITY

By: _____

By: _____